



PRAIRIE
LITHIUM

Prairie Lithium Limited
(formerly Arizona Lithium Limited)
Annual Report

For the year ended 30 June 2025

ABN 15 008 720 223

Contents

Corporate Directory	2
Review of Operations	3
Directors' Report	9
Auditor's Independence Declaration	20
Consolidated Financial Report	21
Consolidated Entity Disclosure Statement	56
Directors' Declaration	57
Independent Auditor's Report	58
Corporate Governance	62
ASX Additional Information	63

For personal use only

Corporate Directory

Directors

Mr Barnaby Egerton-Warburton - Non-Executive Chairman
Mr Paul Lloyd - Managing Director
Mr Matthew Blumberg - Executive Director
Mr Zachary Maurer - Executive Director
Mr LaVern Lund - Non-executive Director

Company Secretary

Mr Shaun Menezes

Registered Office

Level 2, 10 Outram Street
West Perth WA 6005

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
Tel: 02 8072 1400

Auditor

Grant Thornton Audit Pty Ltd
Level 43
152-158 St Georges Terrace
Perth WA 6000

Securities Exchange Listing

Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
Perth WA 6000
Code: AZL

For personal use only

Review of Operations

The following is a Review of Operations for the year ended 30 June 2025 (“**2025 Financial Year**”).

CORPORATE

Share Purchase Plan

On 16 May 2025, the Company raised \$4,251,000 (inclusive of costs) by issuing 708,499,917 new shares and 472,333,190 new options (exercisable at \$0.012 expiring 3 years from the date of issuance). The Company decided to accept funds from shareholders in excess of \$2 million.

At-the-Market Raise

On 17 January 2025, the Company raised \$1,300,000 (inclusive of costs) by issuing 88,000,000 fully paid ordinary shares at 1.48 cents under its At-the-Market Subscription Agreement with Acuity Capital. The funds raised are being used towards detailed engineering design of the first production facility at Pad #1 of the Prairie Project.

PRAIRIE LITHIUM PROJECT (100%)

Phase One Project Approval

In May 2025 the Company received approval for Phase One commercial production at its Prairie Lithium Project from the Ministry of Energy and Resources in Saskatchewan. The Prairie Project is the first project in Saskatchewan to reach this milestone.

Upgraded Indicated Resource

In May 2025 the Company performed updated well network modelling and was able to upgrade its Indicated Resource from 4,500,000 Tonnes Lithium Carbonate Equivalent (LCE) to 4,600,000 Tonnes LCE.

Commencement of Drilling at Well #3 at Pad #1

In September 2024, the Company commenced drilling Well #3 at Pad #1 at Prairie Project. Well #3 was drilled as an exploration well. As noted in the PFS, the Company requires production wells, disposal wells, and brackish water source wells for commercial operations. Having three wells drilled on Pad #1 means the Company have all the necessary well infrastructure to support AZL going into production on Pad #1 in 2025.

Pump Test Results for the Duperow Formation

Preliminary assessment of pumping test results from the Duperow formation from the production well announced in July 2024 indicate properties that exceed performance expectations. The well was pumped at a stable rate of 500m³ per day (350 litres per minute).

North America's First Lithium Brine Production Facility

On 6 February 2025, AZL confirmed an updated strategic phased development plan had been implemented for the Prairie Project. According to the development plan, the Prairie Project will be put into production across three phases of development. Phases I, II, and III represent the methodical steps being taken to cost-effectively bring the project into production while minimising the risk associated with commercialising a first-of-its-kind process.

Phase I will see the project go into production at Pad #1 with 150 Tonnes per annum (tpa) of production. Phase II will see the expansion of production at Pad #1 to a target of approximately 2,000tpa. Phase III will see the

Review of Operations

replication of wells and facilities at Pad #1 applied to Pads #2 and #3 with a target production of approximately 6,000tpa.

\$11 million Non-Dilutive Cash Raised

In October 2024, the Company sold non-core acreage and data at the Prairie Project to Homestead Energy Inc. for \$11 million. In total, AZL divested approximately 40,000 acres of Crown Mineral Title and approximately 11,600 net acres of Freehold Mineral Title, alongside data from the Prairie Project (on completion). The divestment represents a small undeveloped portion of the total AZL landholding.

\$21 million Investment Incentive

In July 2024, Pad #1 at the Prairie Lithium Project was conditionally approved for up to \$21.6 million in transferable royalty credits under the Oil & Gas Processing Investment Incentive (OPGII) Program in Saskatchewan. This highlighted the Province of Saskatchewan's long-term commitment to bringing new lithium resources into production.

The OPGII credits are earned on eligible expenditures and can be claimed once the Prairie Lithium Project (Prairie Project) becomes commercially operational. The credits are applied against crown royalties payable on production of lithium at a rate of 20% in the first calendar year of operations, 30% in the second calendar year, and 50% in the third calendar year, effectively reducing the Company's liability for crown royalties. As the credits are transferable, there is an opportunity for the Company to generate early cashflow by selling these credits to other companies that pay royalties in Saskatchewan.

Approval to Produce & Dispose for Phase 1 at Prairie

On 24 February 2025, AZL received the Water Rights Licence and Approval to Construct Works at the Prairie Project from the Water Security Agency (WSA) in Saskatchewan. Surrounding oil & gas companies have also granted their consent for the disposal of the lithium-depleted brine required for Phase 1. The approvals are the final step in submitting a Lithium Brine Project Application to the Ministry of Energy and Resources, which has now been submitted.

Exploration Drilling Completed at Pads #2 and #3

In November 2024, AZL completed exploration drilling at Pad #2 and Pad #3, targeting the Souris River and Dawson Bay Formations that underlay the Duperow Formation. Drilling wells on each pad are a key part of the path to production and results were subsequently released to the market. The Company can convert the well on Pad #3 into a future production or disposal well for future production at Pad #3, a key element of reaching commercial production at the Well Pad.

Koch Commercial Scale DLE to be Deployed at Prairie

On 11 February 2025, AZL entered into an agreement with Koch Technology Solutions (KTS) to deploy a Li-Pro commercial-scale DLE unit for Phase 1 production at the Prairie Project. The Company has also entered into a non-binding Memorandum of Understanding (MOU) for a commercial license to use KTS's Li-Pro technology beyond Phase 1.

New Lithium Discoveries

In July 2024, the Company discovered a new lithium rich formation at the Prairie Lithium Project. Well #1 was drilled into the Souris River Formation at Pad #1 before being converted into a Duperow Formation production well. The Souris River Formation directly underlies the Duperow Formation across the entire project area.

Review of Operations

Samples of brine from the Souris River indicate a lithium concentration of 86 mg/L. This is an entirely new discovery and would complement the existing resource in the Duperow Formation.

In September 2024, AZL discovered an additional new lithium enriched formation at the Prairie Project. Well #2 on Pad #1 was drilled into the Dawson Bay Formation and then converted into a disposal well. The Dawson Bay directly underlies the Souris River Formation across the entire project area. Samples of brine from the Dawson Bay indicate a lithium concentration of 60 mg/L Li. This is similarly an entirely new discovery and would complement the existing resource in the Duperow Formation.

Battery Grade Lithium Carbonate Produced

In August 2024, the Company announced it had produced battery grade lithium carbonate from the Prairie Project in Saskatchewan, Canada, which was independently verified by Saltworks. The Lithium Carbonate was produced from the Direct Lithium Extraction (DLE) eluent of the ILiad pilot that operated at the Prairie Project from November 2023 - February 2024. DLE eluent was sent to the Saltworks facility in Vancouver, Canada where it was converted into battery grade lithium carbonate.

BIG SANDY LITHIUM PROJECT (100%)

Approval for Exploration Drilling

In July 2024, the Company received approval for the Exploration Plan at the Big Sandy Lithium Project (Big Sandy or Big Sandy Project) and was informed that no appeals have been received on the Permit of Exploration (POE) approved by the US Bureau of Land Management (BLM), announced on 11 June 2024.

Bulk Sampling Collected

In August 2024, AZL completed the collection of a bulk sample at the Big Sandy Project. The collection of 100 tonnes of mineralised material enabled process testing to commence at the Lithium Research Centre in Tempe, Arizona. The Project is a very shallow, flat lying mineralised sedimentary lithium resource, with excellent available infrastructure and has the potential to be developed with a very low environmental footprint.

Court Action

As noted in the ASX announcements on 7 August 2024 and 21 August 2024, and notwithstanding the BLM approval received on 11 July 2024 after an extensive process, the Company was provided with a copy of a "complaint" by the Hualapai Tribe lodged in the United States District Court for the District of Arizona (Court). The complaint seeks (amongst other things) orders that the BLM violated the relevant legislation in issuing its approval and authorising the Big Sandy Lithium Project and is seeking to set aside and vacate the approval. AZL was not a party to the complaint however AZL's motion to intervene was successful and it has been added as a party to the action and can assist with the defence of the complaint.

On 5 November 2024, the Court handed down its decision and granted a preliminary injunction to halt the approval granted by the BLM for the Exploration Plan at Big Sandy until the case is fully resolved. On 17 February 2025, AZL confirmed it had rescinded its approved Plan of Operations for the Sandy Valley Exploration Project (Phase 3) AZAZ106236937 (AZA-037487) as lodged on 26 April 2024 and approved by the BLM on 9 July 2024. The Company plans to develop the Big Sandy Project in a slightly modified fashion, after input from all stakeholders, including the Navajo Transitional Energy Company (NTEC), a major AZL shareholder.

For personal use only

Mineral Resources Statement

The following information is provided in accordance with Listing Rule 5.21 as at 30 June 2025.

Mineral Resource Estimation Governance Statement

Prairie Lithium Limited ensures that the Mineral Resource estimates are subject to appropriate levels of governance and internal controls. The Mineral Resources have been generated by independent external consultants and internal employees who are experienced in best practices in modelling and estimation methods. Where applicable, the consultants have also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

Prairie Lithium Limited reports its Mineral Resources in accordance with the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC Code) (2012 Edition). Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

Big Sandy Project Resources as at 30 June 2025 and as at 30 June 2024 (rounding errors apply)

The table below sets out the maiden Mineral Resources at 30 June 2025 for the Big Sandy Sedimentary Lithium Project in Arizona, USA. There was no change from the Mineral Resources in the prior year.

Total Indicated and Inferred Resources of 32.5 Million Tonnes (Mt) grading 1,850 parts per million (ppm) Li or 320,800 tonnes Lithium Carbonate Equivalent (LCE), reported above an 800 ppm Li cut-off.

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	14.6	1,940	28,400	150,900
Inferred	17.9	1,780	31,900	169,900
Total	32.5	1,870	60,300	320,800

COMPETENT PERSON’S STATEMENT

The information in this Review of Operations that relates to the Big Sandy Sedimentary Lithium Project is based on, and fairly represents information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Smith holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. The Company confirms that the material assumptions and technical parameters underpinning the Resource estimate and exploration target, which were announced to the ASX on 26 September 2019 and 7 November 2019 respectively, have not materially changed.

Mineral Resources Statement

Prairie Lithium Project Resources as at 19 May 2025

The table below sets out the Mineral Resources at 19 May 2025 for the Prairie Lithium Project in Saskatchewan, Canada.

	Li Mass (tonnes)	LCE Mass (tonnes)
Producing Formations	Indicated	Indicated
Seward	62,459	332,469
Flat Lake	4,076	21,697
Upper Wymark	110,674	589,118
Middle Wymark	449,381	2,392,055
Lower Wymark	97,223	517,518
Saskatoon	131,565	700,320
Total	860,000	4,600,000

Figure 1: Prairie Project Resource Summary. Representative lithium concentrations within the Resource area based on the mass volume and brine volume estimates. The average lithium concentration across all zones over the Prairie Project land permits is 98 mg/L.

The Mineral Resource estimates are reported in accordance with the guidelines of the 2012 Australasian Code for Reporting Exploration Results, Mineral Resource and Ore Reserves ("JORC 2012"). The Mineral Resource upgrade come after the company advised of an event in 2024, and an event in 2025. In 2024 during a drilling program, Arizona Lithium divested 11 Crown subsurface mineral permits and 11,697 acres in Canpar and Freehold Leases to Homestead Energy (ASX Announcement 6 October 2024). In 2025, following the integration of drilling and testing data from Arizona Lithium's drilling and completion program, all of Arizona Lithium's Duperow Lithium Resource was upgraded from Inferred to Indicated (ASX Announcement 19 May 2025). Based on these events, Arizona Lithium's net reservoir and lithium concentration maps were updated and incorporated into the Mineral Resource estimate, where the Prairie Lithium project has no more Inferred Mineral Resource, and the Indicated Mineral Resource increased from 4,500,000 Metric Tonnes (MT) Lithium Carbonate Equivalent (LCE) to 4,600,000 MT LCE, against the Mineral Resource reported in the previous corresponding reporting period.

	2024 Annual Report			2025 Annual Report
	LCE Mass (tonnes)			LCE Mass (tonnes)
Producing Formations	Inferred	Indicated	Total	Indicated
Seward	127,151	350,637	477,787	332,282
Flat Lake	11,343	30,815	42,158	21,684
Upper Wymark	246,806	604,065	850,871	588,786
Middle Wymark	966,391	2,435,964	3,402,355	2,390,707
Lower Wymark	197,952	546,475	744,427	517,226
Saskatoon	236,118	593,845	829,962	699,926
Total	1,800,000	4,500,000	6,300,000	4,600,000
Average Lithium Grade (mg/L)	101	106	104	98

Table 1: Comparison of Arizona Lithium's current lithium resource estimate to previously reported lithium resource estimates.

Mineral Resources Statement

Competent Persons statement for Prairie and Registered Overseas Professional Organisation (ROPO) and JORC Tables

Gordon MacMillan P.Geo., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information pertaining to the resource within the release and in the attached JORC Table 1. Mr. MacMillan is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA), which is ROPO accepted for the purpose of reporting in accordance with the ASX listing rules. Mr. MacMillan has been practising as a professional in hydrogeology since 2000 and has 24 years of experience in mining, water supply, water injection, and the construction and calibration of numerical models of subsurface flow and solute migration. Mr. MacMillan is also a Qualified Person as defined by NI 43-101 rules for mineral deposit disclosure. He has sufficient experience relevant to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012). Mr MacMillan consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Information in this announcement that relates to Mineral Resources have been extracted from the Company's announcement released to ASX on 19 May 2025.

The announcement is available to view on the Company's website: www.arizonalithium.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of these Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 market announcement.

For personal use only

Directors' Report

The Directors present their report on the consolidated group consisting of Prairie Lithium Limited (formerly Arizona Lithium Limited) and the entities it controlled (referred to hereafter as "the Group" or "Prairie") for the year ended 30 June 2025, as well as the consolidated financial report and the Auditor's Report thereon.

PRINCIPAL ACTIVITIES OF THE GROUP

Prairie Lithium Limited (formerly Arizona Lithium Limited) ("the Company" or "parent entity") is a mineral exploration company focusing on the Prairie Lithium and Big Sandy Projects in North America exploring for lithium.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 17 January 2025, the Company raised \$1,300,000 (inclusive of costs) by the issue of 88,000,000 fully paid ordinary shares at 1.48 cents per share.

On 19 May 2025, the Company completed a Share Purchase Plan with total proceeds received of \$4,251,000 by the issue of 708,499,917 shares and 472,333,190 unlisted options exercisable at \$0.012 expiring 19 May 2028.

OPERATING AND FINANCIAL REVIEW

The Group's profit attributable to members of the Company for the financial year ended 30 June 2025 was \$10,586,394 (2024: loss of \$22,817,088). The loss was largely due to the expensing of all mineral exploration expenditure and share-based payments in accordance with the Group's accounting policy.

At 30 June 2025, the Group had net assets of \$94,826,889 (2024: \$83,082,700) and the Company had 5,270,445 (2024: 4,473,814,528) fully paid shares on issue.

DIRECTORS

The Directors of Prairie Lithium Limited in office at any time during, or since the end of, the year are set out below. Directors were in office for the entire period unless otherwise stated.

- Barnaby Egerton-Warburton (Non-Executive Chairman)
- Paul Lloyd (Managing Director)
- Matthew Blumberg (Executive Director)
- Zachary Maurer (Executive Director)
- LaVern Lund (Non-Executive Director)

For personal use only

Directors' Report

INFORMATION ON CURRENT DIRECTORS (including interests in securities at the date of this report)

Mr Barnaby Egerton-Warburton – Non-Executive Chairman

Mr. Egerton-Warburton has over 30 years of investment banking, international investment and market experience with positions at JP Morgan (New York, Sydney, Hong Kong) BNP Equities (New York) and Prudential Securities (New York). An experienced investment banker and corporate advisor, having held managing director and non-executive director positions in the investment banking, technology, energy and resource sectors. He holds a degree in economics and is a graduate of the Australian Institute of Company Directors.

Other Current Listed Directorships:	Lord Resources Limited (since March 2015) NSX Limited (since April 2022) Pantera Minerals Limited (since December 2020) Diablo Resources Limited (since April 2021)
Former Directorships in Last Three Years:	Locality Planning Energy Holdings Ltd (March 2020 – February 2024)
Interests in Shares:	57,736,666
Interests in Options:	3,333,333
Interests in Performance Rights:	40,000,000

Mr Paul Lloyd – Managing Director

Paul Lloyd is a Chartered Accountant with over thirty years' commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Lloyd has been responsible for a number of IPOs, RTOs, project acquisitions and capital raisings for ASX listed public companies.

Other Current Listed Directorships:	BPM Minerals Limited (since October 2020) Diablo Resources Limited (since April 2021) Lord Resources Limited (since February 2021)
Former Directorships in Last Three Years:	None
Interests in Shares:	99,349,355
Interests in Options:	3,333,333
Interests in Performance Rights	50,000,000

Mr Matthew Blumberg – Executive Director

Matthew Blumberg holds a Master of Business Administration (MBA) from Yale University and a double degree in Engineering (First Class Honours) and Commerce from University of Western Australia. Mr Blumberg is currently a director of a US based private equity firm, ALJ Regional Holdings, focussing on Mergers & Acquisitions. He has previously worked in investment-based roles in New York and Sydney.

Other Current Listed Directorships:	None
Former Directorships in Last Three Years:	None
Interests in Shares:	41,966,666
Interests in Options:	3,333,333
Interests in Performance Rights	30,000,000

Directors' Report

Mr Zachary Maurer – Executive Director

Zach Maurer has over 10 years of experience in North America's energy sector. His experience spans production, environmental and hydrogeologic projects in Canada and the United States. In 2019, he founded and incorporated Prairie Lithium. As CEO of Prairie Lithium, he led multiple rounds of private equity funding while advancing lithium extraction technology and brine resource exploration in Saskatchewan, Canada. In 2023, he led Prairie Lithium through the successful acquisition by Arizona Lithium. He holds a B.Sc. in Geology from the University of Regina and a Diploma in Exploration Information Technology from the South Alberta Institute of Technology (SAIT).

Other Current Listed Directorships:	None
Former Directorships in Last Three Years:	None
Interests in Shares:	56,099,591
Interests in Options:	14,333,333

Mr LaVern Lund – Non-Executive Director (appointed 5 June 2024)

Mr Vern Lund is the CEO of Navajo Transitional Energy Company, a tribally owned entity and the 3rd largest coal mining company in the U.S with operations in the Navajo Nation, Wyoming, and Montana. Mr. Lund is a seasoned mining executive with 30 years of experience in operational management, business development, and new project development with extensive field experience at multiple mining operations, including two large greenfield mining projects. He holds a B.S. in Civil Engineering from North Dakota State University, a MBA from Auburn University, a graduate of Wharton's Advanced Management Program and a retired professional engineer.

Other Current Listed Directorships:	None
Former Directorships in Last Three Years:	Texas Minerals Resource Corp (OTCQB: TMRC) (May 2022 – January 2025)

COMPANY SECRETARY

Mr Shaun Menezes – Company Secretary

Mr Menezes is an accounting and finance professional with over 20 years experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of a number of ASX and SGX listed companies, held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm. He is a member of the Governance Institute of Australia and Chartered Accountants Australia and New Zealand.

DIVIDENDS

No dividends were paid or are proposed to be paid during the financial year (2024: Nil).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Future developments for the Group depend on activity regarding the Company's exploration projects.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 July 2025, the Company entered into agreements to sell the Big Sandy Lithium Project and the Lithium Research Centre for total proceeds of USD5 million. On 3 August 2025 this transaction was completed and the Company received the funds.

On 18 September 2025, shareholders at a general meeting approved the change of the Company's name to Prairie Lithium Limited.

Directors' Report

No other events that would have a significant effect on the financial report have occurred since the end of the reporting period.

OPTIONS

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Expiry date	Exercise price	Number under option 2025
27 March 2027	\$0.12	20,750,000
19 May 2027	\$0.12	7,312,500
1 March 2027	\$0.04	60,750,000
19 May 2028	\$0.012	472,333,190
Total		561,145,690

DIRECTORS' MEETINGS

During the financial year, nine meetings of Directors were held and twenty circular resolutions signed. Attendances by each Director during the year were as follows:

Name	Directors' meetings	
	No. of meetings eligible to attend	No. of meetings attended
Barnaby Egerton-Warburton	9	9
Paul Lloyd	9	9
Matthew Blumberg	9	9
Zachary Maurer	9	9
LaVern Lund	9	5

AUDIT COMMITTEE

The Company does not have a formally constituted audit committee. The Board considers that the Company's current position in respect of the composition of the Board, the size of the Company and the minimal complexities involved in its financial activities at present, the Company is not in a position to justify the establishment of an audit committee. The full Board performs the duties of this committee.

Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangements for the Key Management Personnel ("KMP") of the Group, being the Company's Board members, and is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Remuneration committee and board charter
3. Details of remuneration

Principles Used to Determine the Nature and Amount of Remuneration

In determining competitive remuneration rates, the Board seeks independent advice as required on local and international trends among comparative companies and industry generally. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that the Company operates in a global environment. To prosper in this environment it must attract, motivate and retain key executive staff.

The principles supporting the remuneration policy are as follows:

- reward reflects the competitive global market in which the Company operates;
- rewards to executives are linked to creating value for shareholders;
- remuneration arrangements are equitable and facilitate the development of senior management across the Company;
- where appropriate, senior managers receive a component of their remuneration in equity to align their interests with those of the shareholders; and
- long term incentives are used to ensure that remuneration of KMP reflects the Group's financial performance, with particular emphasis on the Group's earnings and the consequence of the Group's performance on shareholder wealth.

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market.

There are no retirement allowances or other benefits paid to directors.

Remuneration Committee and Board Charter

The Charter of the Remuneration Committee extends the duties to that of a Nominations Committee. The Board considers that given the Company's current position in respect of the composition of the Board and the size of the Company, the Company is not in a position to justify the establishment of a Remuneration Committee and the full Board performs the duties of this committee, with members abstaining from discussions and decisions as appropriate.

The Remuneration Committee is responsible for making recommendations on remuneration policies and packages applicable to Board members and for approval of remuneration for executive officers of the Company taking into account the financial position of the Company. The broad remuneration policy per the formal Charter is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Directors' Report

It is the Remuneration Committee's policy to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities though taking into account the financial position of the Company and the Company's shareholder-approved limits. The Constitution of the Company specifies that the aggregate remuneration of directors, other than salaries paid to executive directors, shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is divided between those directors as they agree. The latest determination was at the Annual General Meeting held on 30 November 2022 when shareholders approved an aggregate remuneration of \$500,000 per year.

The Board as a whole determines the amount of the fees paid to each non-executive director. All Directors may be allocated options and performance rights to acquire shares in the Company under the Director and Employee Share Option Plan approved by shareholders from time to time.

The Board approves remuneration packages for executive officers based on performance criteria and the Group's financial performance. Other employee remuneration packages are determined and approved by the Board based on salary market rate indicators, press advertisements, performance criteria and against the Group's financial state of affairs.

Employee Share Option Plan

The Group has an established Employee Share Scheme Plan (ESS) that entitles eligible employees, including directors, to purchase shares in the Company. Under the plan, the Board may issue convertible securities to acquire shares in the future at an exercise price fixed by the Board on grant of options. The vesting of all convertible securities is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the plan, unless determined otherwise by the Board. The vesting of convertible securities may be subject to achievement of performance hurdles, as determined by the Board.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the 5 years to 30 June 2025.

	2025	2024	2023	2022	2021
Profit/(Loss) after income tax attributable to shareholders (\$)	10,586,394	(22,817,088)	(14,361,706)	(4,228,628)	(3,455,913)
Share price at year end (\$)	0.006	0.019	0.032	0.082	0.025
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic profit/(loss) per share (cents)	0.23	(0.65)	(0.58)	(0.19)	(0.24)

Directors' Report

Details of Remuneration – Service Agreements

Director	Position held as at 30 June 2025	Contract details (duration & termination)
Barnaby Egerton-Warburton	Non-Executive Chairman	Letter of appointment / In accordance with Constitution No notice period No termination benefits payable
Paul Lloyd	Managing Director	Service agreement Remuneration of \$400,000pa inclusive of statutory superannuation; Termination without cause requires 6 months' notice or payment
Matthew Blumberg	Executive Director	Letter of appointment / In accordance with Constitution Remuneration of US\$90,000pa inclusive of benefits No termination benefits payable
Zachary Maurer	Executive Director	Employment agreement Remuneration of C\$300,000 Termination without cause requires 2 weeks notice for each year of service up to a maximum of 36 weeks; plus a payment equal to 10% of the notice payment for lost benefits; plus unused annual leave and any other minimum entitlements required by legislation.
LaVern Lund	Non-Executive Director	Letter of appointment / In accordance with Constitution No notice period No termination benefits payable

Remuneration Details for the Year Ended 30 June 2025

The following table sets out remuneration details in respect to the financial year, and the components of remuneration for each member of the KMP of the Group. The aggregate remuneration of non-executive directors was less than the approved aggregate remuneration of \$500,000 per year.

		Short-term Benefits Cash salary and fees	Post Employment Benefits Super- annuation	Bonus	Sub-Total Cash Portion	Share based payments Options/ Rights	Total	Proportion of remuneration performance related
		\$	\$	\$	\$	\$	\$	%
B Egerton-Warburton	2025	84,000	-	-	84,000	(621,215)	(537,215)	N/A
	2024	84,000	-	-	84,000	2,653,392	2,737,392	97
P Lloyd	2025	400,000	-	225,000	625,000	(1,878,155)	(1,253,155)	N/A
	2024	350,000	-	-	350,000	3,780,721	4,130,721	92
M Blumberg	2025	138,994	-	100,000	238,994	(651,679)	(412,685)	N/A
	2024	92,252	-	-	92,252	2,068,285	2,160,537	96
Z Maurer	2025	340,216	30,403	125,000	495,619	10,610	506,229	2%
	2024	344,720	26,801	-	371,521	127,043	498,564	25
V Lund	2025	-	-	-	-	-	-	-
	2024 ¹	2,667	-	-	2,667	-	2,667	-
Total	2025	963,210	30,403	450,000	1,443,613	(3,140,439)	(1,696,826)	N/A
	2024	873,639	26,801	-	900,400	8,629,441	9,529,881	91

¹ Appointed 5 June 2024.

Directors' Report

KMP Shareholdings

The number of ordinary shares in Prairie Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2025	Balance at beginning of year or appointment	Granted as remuneration during the year	Acquisition for cash	Other changes during the year	Balance at end of year
B Egerton-Warburton	52,736,666	-	5,000,000	-	57,736,666
P Lloyd	94,349,355	-	5,000,000	-	99,349,355
M Blumberg	36,966,666	-	5,000,000	-	41,966,666
Z Maurer	51,099,591	-	5,000,000	-	56,099,591

KMP Option Holding

The number of share options in Prairie Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2025	Balance at beginning of year or appointment	Granted as remuneration during the year	Expired during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	30,000,000	-	(30,000,000)	3,333,333	3,333,333
P Lloyd	40,000,000	-	(40,000,000)	3,333,333	3,333,333
M Blumberg	20,000,000	-	(20,000,000)	3,333,333	3,333,333
Z Maurer	11,000,000	-	-	3,333,333	14,333,333

Details of all options held by KMP, at the date of this report, are shown below.

KMP	Grant date	Number granted	Value of options granted (\$)	Issue date	Expiry date	Vested (%)
B Egerton-Warburton	19/05/2025	3,333,333 ¹	-	19/05/2025	19/05/2028	100
P Lloyd	19/05/2025	3,333,333 ¹	-	19/05/2025	19/05/2028	100
M Blumberg	19/05/2025	3,333,333 ¹	-	19/05/2025	19/05/2028	100
Z Maurer	24/03/2023	11,000,000	269,940	27/03/2023	27/03/2027	100
Z Maurer	19/05/2025	3,333,333 ¹	-	19/05/2025	19/05/2028	100

1. Free attaching options acquired as part of the directors' participation in the Company' Share Purchase Plan which closed on 16 May 2025.

KMP Performance Rights Holdings

The number of performance rights in Prairie Lithium Limited held by each KMP of the Company, as disclosed to the ASX, during the financial year is as follows:

30 June 2025	Balance at beginning of year or appointment	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year
B Egerton-Warburton	60,000,000	-	-	-	60,000,000
P Lloyd	95,000,000	-	-	-	95,000,000
M Blumberg	48,000,000	-	-	-	48,000,000

Directors' Report

Details of all performance rights held by KMP, at the date of this report, are shown below.

KMP	Class	Issue	Grant date	Number granted	Expiry date	Vested (%)
B Egerton-Warburton	A	B	15/08/2022	5,000,000	15/08/2025	-
B Egerton-Warburton	C	B	15/08/2022	7,500,000	15/08/2026	-
B Egerton-Warburton	D	B	15/08/2022	7,500,000	15/08/2027	-
B Egerton-Warburton	C	A	14/03/2023	20,000,000	27/03/2027	-
B Egerton-Warburton	D	A	14/03/2023	20,000,000	27/03/2028	-
P Lloyd	A	B	15/08/2022	15,000,000	15/08/2025	-
P Lloyd	C	B	15/08/2022	15,000,000	15/08/2026	-
P Lloyd	D	B	15/08/2022	15,000,000	15/08/2027	-
P Lloyd	C	A	14/03/2023	25,000,000	27/03/2027	-
P Lloyd	D	A	14/03/2023	25,000,000	27/03/2028	-
M Blumberg	A	B	15/08/2022	6,000,000	15/08/2025	-
M Blumberg	C	B	15/08/2022	6,000,000	15/08/2026	-
M Blumberg	D	B	15/08/2022	6,000,000	15/08/2027	-
M Blumberg	C	A	14/03/2023	15,000,000	27/03/2027	-
M Blumberg	D	A	14/03/2023	15,000,000	27/03/2028	-

Issue A

240,000,000 performance rights were issued to directors on 27/03/2023 following shareholder approval at a general meeting held on 14/03/2023 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	84,000,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study (PFS) for the Prairie Lithium project.	3 years from the date of issue
Class B	36,000,000	Announcement of an upgraded resource of at least 1 million tonnes of Lithium Carbonate Equivalent (LCE) over the Prairie Lithium project from an inferred to an indicated resource.	3 years from the date of issue
Class C	60,000,000	Market capitalisation of the Company to exceed 500 million AUD based on a 20 day VWAP.	4 years from the date of issue
Class D	60,000,000	Announcement to the ASX of the production of a minimum of 1,000kgs of LCE from the Prairie Lithium project.	5 years from the date of issue

120,000,000 Class A & Class B performance rights have vested during FY2024, leaving 120,000,000 outstanding as at 30 June 2025.

Issue B

111,500,000 performance rights were issued to directors on 15/08/2022 following shareholder approval at a general meeting held on 14/07/2022 as follows:

Directors' Report

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	26,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	3 years from the date of issue
Class B	28,500,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	3 years from the date of issue
Class C	28,500,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	4 years from the date of issue
Class D	28,500,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	5 years from the date of issue

28,500,000 Class B performance rights have vested in FY2023, leaving 83,000,000 outstanding as at 30 June 2025.

Cash Bonuses, Performance-Related Bonuses and Share-Based Payments

During the year, the Company paid a cash bonus to KMP's of \$450,000 (2024: Nil). There were no options or performance rights issues, or other short term performance related bonuses, made to any KMP in the financial years ended 30 June 2025.

Payments before taking office

There were no payments made to directors prior to appointment made during the year.

Loans to Directors and other KMP

There were no loan balances with directors or other KMP during the financial year ended 30 June 2025.

[END OF AUDITED REMUNERATION REPORT]

Directors' Report

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under either United States of America, Canada or their local State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements in other jurisdictions and is not aware of any breach of those environmental requirements as they apply to the Group.

INDEMNIFYING OFFICERS OR AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer, or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Company has agreed to pay a premium for Directors and Officers Insurance.

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. The Company has not paid a premium in respect of a contract to insure the auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

In August 2024, the Company was provided with a copy of a "complaint" by the Hualapai Tribe lodged in the United States District Court for the District of Arizona. The Company was not a party to the complaint however the Company's motion to intervene was successful and it has been added as a party to the action and can assist with the defence of the complaint.

On 5 November 2024, the Court handed down its decision and granted a preliminary injunction to halt the approval granted by the BLM for the Exploration Plan at Big Sandy until the case is fully resolved. On 17 February 2025, the Company confirmed it had rescinded its approved Plan of Operations for the Sandy Valley Exploration Project (Phase 3) AZAZ106236937 (AZA-037487) as lodged on 26 April 2024 and approved by the BLM on 9 July 2024. The Company plans to develop the Big Sandy Project in a slightly modified fashion, after input from all stakeholders, including the Navajo Transitional Energy Company (NTEC), a major shareholder.

NON-AUDIT SERVICES

No fees were paid or payable to Grant Thornton during the year ended 30 June 2025 in relation to non-audit services.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2025 has been received and is included on page 20.

Signed in accordance with a resolution of the Directors:



Mr Barnaby Egerton-Warburton

Non-Executive Chairman

Dated at Perth this 26th day of September 2025

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850
T +61 8 9480 2000

Auditor's Independence Declaration

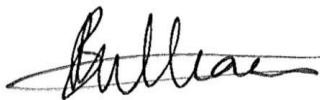
To the Directors of Prairie Lithium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Prairie Lithium Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B E Burgess
Partner – Audit & Assurance

Perth, 26 September 2025

grantthornton.com.au

ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025

	Note	30 June 2025 \$	30 June 2024 \$
Other income	3	14,688,037	2,150,829
Share based payment expense	29	3,463,505	(10,575,108)
Corporate and regulatory expenses		(1,847,645)	(1,627,581)
Exploration and evaluation	4(b)	(135,730)	(5,041,580)
Foreign exchange loss		6,221	(280,704)
Administrative expenses	4(a)	(664,103)	(1,244,519)
Loss on financial asset	13	(343,555)	(1,555,203)
Profit/(Loss) before income tax from continuing operations		15,166,730	(18,173,866)
Discontinued operations	30(a)	(4,580,336)	(4,643,222)
Profit/(Loss) before income tax		10,586,394	(18,173,866)
Income tax	6	-	-
Profit/(Loss) attributable to members of the Company		10,586,394	(18,173,866)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		(841,229)	(3,326,332)
Other comprehensive income/(loss) for the year		(841,229)	(3,326,332)
Total comprehensive profit/(loss) for the year		9,745,165	(21,500,199)
Total comprehensive profit/(loss) for the year is attributable to:			
Continuing operations		14,325,501	(21,500,198)
Discontinued operations		(4,580,336)	(4,643,222)
		9,745,165	(26,143,420)
Earnings per share attributable to the ordinary equity holders of the company			
Basic and Diluted profit/(loss) per share in cents	24	0.23	(0.65)
Basic and Diluted profit/(loss) per share in cents from continuing operations	24	0.33	(0.52)
Basic and Diluted profit/(loss) per share in cents from discontinued operations	24	(0.10)	(0.13)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2025

	Note	30 June 2025 \$	30 June 2024 \$
CURRENT ASSETS			
Cash and cash equivalents	7	3,147,945	11,952,889
Trade and other receivables	8	12,872	61,597
Prepayments	9	162,752	261,259
Assets held for sale	30(b)	8,281,489	-
TOTAL CURRENT ASSETS		11,605,058	12,275,745
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	10	86,594,746	68,346,093
Plant and equipment	11	405,835	7,569,058
Right of use assets	12	25,527	1,828,535
Other financial assets	13	221,971	714,844
TOTAL NON-CURRENT ASSETS		87,248,079	78,458,530
TOTAL ASSETS		98,853,137	90,734,275
CURRENT LIABILITIES			
Trade and other payables	14	2,227,428	2,227,129
Lease liability	15	15,656	700,808
Provisions		50,554	34,298
Other	16	-	3,138,883
Liabilities held for sale	30(c)	1,720,773	-
TOTAL CURRENT LIABILITIES		4,014,411	6,101,118
NON-CURRENT LIABILITIES			
Lease liability	15	11,837	1,550,457
TOTAL NON-CURRENT LIABILITIES		11,837	1,550,457
TOTAL LIABILITIES		4,026,248	7,651,575
NET ASSETS		94,826,889	83,082,700
EQUITY			
Contributed equity	17	179,045,955	173,583,426
Reserves	18	26,691,779	30,996,513
Accumulated losses		(110,910,845)	(121,497,239)
TOTAL EQUITY		94,826,889	83,082,700

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2025

	Issued Capital	Share based payment reserve	Foreign translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2024	173,583,426	33,032,647	(2,036,134)	(121,497,239)	83,082,700
Comprehensive Income					
Profit for the year	-	-	-	10,586,394	10,586,394
Other comprehensive loss for the year	-	-	(841,229)	-	(841,229)
Exchange differences on translation of controlled entities	-	-	(841,229)	-	(841,229)
Total comprehensive income/(loss) for the year	-	-	(841,229)	10,586,394	9,745,165
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	5,551,000	-	-	-	5,551,000
Share issue costs	(88,471)	-	-	-	(88,471)
Share-based payments	-	(3,463,505)	-	-	(3,463,505)
At 30 June 2025	179,045,955	29,569,142	(2,877,363)	(110,910,845)	94,826,889

Consolidated statement of changes in equity for the year ended 30 June 2025 (continued)

	Issued Capital \$	Share based payment reserve \$	Foreign translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2023	152,030,292	22,228,179	1,290,200	(98,680,151)	76,868,520
Comprehensive Income					
Loss for the year	-	-	-	(22,817,088)	(22,817,088)
Other comprehensive loss for the year	-	-	(3,326,334)	-	(3,326,334)
Exchange differences on translation of controlled entities	-	-	(3,326,334)	-	(3,326,334)
Total comprehensive loss for the year	-	-	(3,326,334)	(22,817,088)	(26,143,422)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	35,415,853	-	-	-	35,415,853
Exchangeable shares retracted during the year	(12,576,946)	-	-	-	(12,576,946)
Share issue costs	(1,562,337)	-	-	-	(1,562,337)
Share-based payments	-	11,081,032	-	-	11,081,032
Shares released from Escrow	276,564	(276,564)	-	-	-
At 30 June 2024	173,583,426	33,032,647	(2,036,134)	(121,497,239)	83,082,700

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2025

	Note	30 June 2025 \$	30 June 2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(7,641,135)	(11,157,236)
Grant income		287,132	1,402,508
Security bond refund		-	645,032
Interest received		94,979	417,726
Net cash used in operating activities	26(b)	(7,259,024)	(8,691,970)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of plant and equipment		(2,058,213)	(4,931,875)
Proceeds on disposal of plant and equipment		-	562,123
Proceeds on disposal of non-current assets		10,955,900	196,862
Payments for exploration and evaluation		(15,805,509)	(3,492,104)
Net cash used in investing activities		(6,907,822)	(7,664,994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		5,550,987	26,666,669
Share issue costs		(35,825)	(1,327,538)
Repayment of borrowings		(116,757)	(18,567)
Proceeds from borrowings		-	224,055
Net cash generated by financing activities		5,398,405	25,544,619
Net increase/(decrease) in cash and cash equivalents		(8,768,441)	9,187,655
Cash and cash equivalents at the beginning of the year		11,952,889	3,303,842
Effects of exchange rate changes on cash and cash equivalents		(36,503)	(538,608)
Cash and cash equivalents at the end of the year	7	3,147,945	11,952,889
Cash and cash equivalents included in the discontinued operations		-	(522,894)
Cash and cash equivalents for continuing operations		3,147,945	11,429,995

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Prairie Lithium Limited (formerly Arizona Lithium Limited) ("the Company") and controlled entities ("the Group").

The material accounting policies which have been adopted in the preparation of the financial statements are set out below.

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs. The financial statements are presented in Australian dollars.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The consolidated financial statements are presented in AUD, which is also the functional currency of the parent company. The financial statements were authorised for issue by the Directors on the 26th of September 2025.

Prairie Lithium Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

For personal use only

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(b) New Accounting Standards for application in future periods

The Directors have reviewed all of the new and revised Standards and interpretations in issue that are relevant to the Group and effective for future reporting periods. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on issue and not yet adopted by the Group and therefore no material change is necessary to Group accounting policies.

(c) New and Amended Accounting Policies adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Prairie Lithium Limited (formerly Arizona Lithium Limited) and entities (including special purpose entities) controlled by Prairie Lithium Limited (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of subsidiaries

Business combinations

In each transaction that results in the acquisition of a subsidiary, the Company determines if AASB 3 'Business Combinations' shall apply to the transaction by assessing if the Company has acquired "business". A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. . If the Company determines that the acquisition results in the acquisition of a business, then the Company applies the requirements of AASB 3 to the acquisition.

Asset acquisitions

If the Company determines that the acquired subsidiary does not constitute a business, then the transaction is accounted for as an acquisition of an asset (or group of assets) that do not constitute a business combination within the scope of AASB 3. In the acquisition of a group of assets, the cost of the acquisition is allocated between the individual assets and liabilities in the group based on their relative fair values at the date of acquisition.

(e) Foreign currency transactions

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting dates. The revenues and expenses of foreign operations are translated into Australian dollars using average exchange rates, which approximate exchange rates at the dates of transactions, for the period. All resulting exchange rate differences are recognised in other comprehensive income through the foreign translation reserve in equity.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure

Exploration costs are incurred to discover mineral resources. Evaluation costs are incurred to assess the technical feasibility and commercial viability of resources found.

Exploration and evaluation expenditure is charged to the income statement as incurred, except in the following circumstances in which case the expenditure may be capitalised:

- the exploration activity is within an area of interest that was previously acquired as part of an asset acquisition or business combination and measured at fair value on acquisition; or
- the existence of a commercially viable mineral deposit has been established.

A regular review of each area of interest is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area. Capitalised costs are only carried forward to the extent that they are expected to be recovered through successful exploitation of the area of interest or alternatively by its sale. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

(g) Impairment of assets

At the end of the reporting period, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Building improvements - lease term
- Right of use assets - lease term
- Plant and equipment - 5 to 7 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(i) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group 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 usually paid within 30 days of recognition.

(j) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- i. fixed lease payments less any lease incentives;
- ii. variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii. the amount expected to be payable by the lessee under residual value guarantees;
- iv. the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- v. payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(k) 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.

(l) Government grants and assistance

The Group makes periodic applications for financial assistance under available Canadian government incentive programs and Scientific Research & Experimental Development ("SR&ED") grant. The funding is provided for non-capital expenditures relating to research and development projects. This assistance is recognized as income when there is reasonable assurance that the Company has complied and will continue to comply with all of the conditions and is recognized in the period incurred.

Notes to the financial statements (continued)

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(m) Share based payment transactions

The Group recognises the fair value of options and performance rights granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to directors, employees and consultants of the Group in the form of share based payment transactions, whereby directors, employees and consultants render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to fair value at the date they are granted. The fair value is determined using the Black-Scholes or Monte Carlo option pricing model.

(n) Flow-through shares

Flow-through shares may be issued to finance a portion of an exploration program. A flow-through share agreement transfers the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company divides the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognised as a liability, and ii) issued capital. Upon expenses being incurred, the Company derecognises the liability and the premium is recognised in other income. The exploration spend also gives rise to a deferred tax liability which is recognised as the difference between the carrying value and tax base of the qualifying expenditure for the tax reduction renounced to investors.

(o) Classification of comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within this financial report are:

Share-based payment transactions

The Group 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. Fair values of share options are determined using the Black-Scholes and Monte Carlo model.

Notes to the financial statements (continued)

3 INCOME

	Note	2025 \$	2024 \$
Interest received		447,053	430,033
Sale of rights to tax deductions	(i)	3,138,883	712,788
Mining rehabilitation bond – South Africa		-	645,032
Government grants		276,176	362,367
Profit on sale of tenements (ii)	(ii)	10,825,925	-
Other		-	2,675
Total revenue		14,688,037	2,152,895

(i) Sale of rights to tax deductions generated in connection with flow-through share issuances

On 18 December 2023 the Company entered into a flow through share arrangement with sophisticated and institutional investors. \$14,800,001 (CAD) was received and refundable to the investor except to the extent that eligible expenses are incurred. Upon expenses being incurred, the Company derecognises the liability and the premium is recognised in other income. Refer to Note 16 for recognition of the liability.

(ii) Sale of tenements

During the period, the Company divested approximately 40,000 acres of Crown Mineral Title and approximately 11,600 net acres of Freehold Mineral Title, alongside data from the Prairie Project.

4 PROFIT/(LOSS) BEFORE INCOME TAX

(a) Individually significant items in administrative expenses include:

Accounting and administration fees	123,721	244,887
Audit fees	85,432	87,033
Legal fees	98,033	586,787
Depreciation	67,138	1,325,481
Other	289,779	980,354
Total	664,103	3,224,542

(b) Exploration and evaluation:

US Lithium	62,055	56,756
Big Sandy Project	-	2,941,829
Prairie Lithium Project	73,675	4,708,260
Total	135,730	7,706,845

5 AUDITORS' REMUNERATION

Remuneration of auditor for audit or review of the consolidated financial report of the Company:

- Grant Thornton Australia Pty Ltd	88,432	92,844
------------------------------------	--------	--------

For personal use only

Notes to the financial statements (continued)

6 TAXATION

(a) Income tax expense/(benefit)

	2025 \$	2024 \$
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Reconciliation of income tax expense to prima facie tax payable:

Loss before income tax expense	10,586,395	(22,817,088)
Tax at the Australian tax rate of 30% (2024: 30%)	3,175,919	(6,845,126)
Movement in unrecognised temporary differences	(4,321,148)	3,041,615
Tax effect of current year tax losses for which no deferred tax asset has been recognised/(utilisation of losses)	1,145,229	3,803,511
Total income tax (benefit)	-	-

(c) Unrecognised deferred tax assets:

Timing differences	7,308,611	10,284,349
Tax losses – revenue (Australia)	13,550,382	11,203,920
Tax losses – revenue (USA)	4,828,208	3,757,595
Tax losses – revenue (Canada)	4,251,023	1,761,450
Tax losses - capital	-	-
Deferred tax assets not brought to account	29,938,224	27,007,314

An Australian income tax rate of 30% has been used because the Company is not expected to be a base rate entity when it has future taxable profits. The Group has not recognised any deferred tax assets except to the extent that they offset deferred tax liabilities.

The ability of the Group to utilise the tax losses is subject to the Company satisfying either the continuity of ownership test or the same business test.

(d) Franking credits

The Company has no franking credits available.

7 CASH AND CASH EQUIVALENTS

	2025 \$	2024 \$
Cash at bank	847,945	4,279,133
Term deposits	2,300,000	7,673,756
	3,147,945	11,952,889

Term deposits held at call with financial institutions and 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.

8 TRADE & OTHER RECEIVABLES CURRENT

Other receivables	12,872	61,597
	12,872	61,597

9 PREPAYMENTS

Current	162,752	261,259
	162,752	261,259

Notes to the financial statements (continued)

10 EXPLORATION AND EVALUATION EXPENDITURE

	2025 \$	2024 \$
Balance at the beginning of the period	68,346,093	67,875,471
Capitalised	20,242,541	3,492,104
Disposals	(722,174)	-
Foreign exchange (loss)	(1,271,714)	(3,021,482)
	86,594,746	68,346,093

Effective 1 January 2024 Management determined that the Prairie Lithium project has commercially viable mineral deposits that will provide future economic benefits to the Group. From this date all exploration costs associated with project have been capitalised to exploration and evaluation.

The value of the exploration tenements carried forward is dependent upon:

- (a) The continuance of the Consolidated Entity's rights to tenure of the area of interest;
- (b) The results of future exploration; and
- (c) The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

All of these criteria have been met.

11 PLANT AND EQUIPMENT

	2025 \$	2024 \$
<i>Building improvements</i>		
Cost	49,749	673,375
Accumulated depreciation	(31,421)	(171,541)
	18,328	501,834
<i>Plant and equipment</i>		
Cost	257,892	2,767,313
Accumulated depreciation	(154,572)	(677,585)
	103,320	2,089,728
<i>Capital work-in-progress</i>		
Cost	284,187	4,977,496
Total Plant and Equipment	405,834	7,569,058
Movement in:		
<i>Building improvements</i>		
Balance at the beginning of the period	501,834	494,404
Additions	-	142,927
Transfer to Assets Held for Sale	(348,784)	-
Depreciation expense	(143,734)	(132,549)
Foreign exchange movement	9,012	(2,948)
Balance at the end of the period	18,328	501,834
<i>Plant and equipment</i>		
Balance at the beginning of the period	2,089,728	2,480,147
Additions	3,047,444	732,728
Disposals	(438,758)	(501,065)
Transfer to Assets Held for Sale	(3,652,422)	-
Depreciation expense	(1,035,566)	(543,563)
Foreign exchange movement	92,894	(78,519)
Balance at the end of the period	103,320	2,089,728

Notes to the financial statements (continued)

12 RIGHT OF USE ASSET

	2025 \$	2024 \$
Cost	69,286	3,369,279
Accumulated depreciation	(43,759)	(1,540,744)
	25,527	1,828,535
Movement in right of use asset:		
Balance at the beginning of the period	1,828,535	2,484,427
Transfer to Assets Held for Sale	(1,213,943)	-
Depreciation expense	(616,173)	(625,696)
Foreign exchange movement	27,108	(30,196)
Balance at the end of the period	25,527	1,828,535

13 OTHER FINANCIAL ASSETS

	2025 \$	2024 \$
NON CURRENT		
Security bond – leased premises	151,076	300,394
Unlisted investment at fair value (i)	50,895	394,450
Other financial assets	20,000	20,000
	221,971	714,844

(i) Unlisted investment

As at 30 June 2025, the Group holds 2,049,181 shares in Midwest Lithium Limited ("Midwest"). Whether the 11.5% equity investment in Midwest is a financial asset or associate is a key judgment. The Directors have determined that the Company does not have significant influence over Midwest and has been accounted for as a financial asset. The carrying value of the investment represents its fair value using Level 1 inputs as defined by *AASB 13 Fair Value Measurement*. Due to material decreases in the price of lithium during the year the fair value of the investment declined by \$343,555 at 30 June 2025.

14 TRADE AND OTHER PAYABLES

CURRENT

	2025 \$	2024 \$
Unsecured liabilities:		
Trade payables	1,782,956	2,058,782
Other payables	444,472	168,347
	2,227,428	2,227,129

15 LEASE LIABILITY

	2025 \$	2024 \$
Carrying value		
Current	15,656	700,808
Non-Current	11,837	1,550,457
	27,493	2,251,265

The Group has leases for the corporate offices, lithium research centre and mobile equipment. Each lease is reflected in the consolidated statement of financial position as a fixed asset or right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its plant and equipment (see note 12).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase

Notes to the financial statements (continued)

the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over the lithium research centre, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position at 30 June 2025:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
Corporate office	1	2 years	2 years	-	-	1	1
Lithium Research Centre	1	2 years	2 years	1	-	1	1
Mobile Equipment	3	1 to 2.5 years	1.3 years	-	4	-	-

The lease liabilities are secured by the related underlying assets. Future lease payments at 30 June 2025 are set out in note 25.

16 OTHER LIABILITIES CURRENT

Flow-through share premium liability

2025 \$	2024 \$
-	3,138,883

The flow-through share premium liability has met expenditure requirements and been recognised as other income. Refer to Note 3 for recognition of Other Income.

17 CONTRIBUTED EQUITY

Contributed equity consists of the following:

Issued capital

179,045,955	173,583,426
-------------	-------------

Notes to the financial statements (continued)

17 CONTRIBUTED EQUITY (continued)

Ordinary shares	Number of shares 2025	Number of shares 2024	2025 \$	2024 \$
Opening balance	4,473,814,528	2,749,676,710	173,583,426	139,453,340
Issue of shares on exercise of performance rights	-	120,000,000	-	-
Placement – August 2023	-	400,000,000	-	10,000,000
Placement – December 2023	-	328,356,469	-	12,838,913
Issue of shares for NTEC Mining Services Agreement released from escrow (i)	-	11,523,491	-	276,564
Issue of shares on retraction of Exchangeable Shares (ii)	-	251,538,925	-	12,576,946
NTEC Escrowed Shares on issue	-	412,718,933	-	-
At-the-market share issue	88,000,000	200,000,000	1,300,000	-
Share Purchase Plan	708,499,917	-	4,251,000	-
Transaction cost of share issues	-	-	(88,471)	(1,562,337)
Closing balance	5,270,314,445	4,473,814,528	179,045,955	173,583,426

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any net proceeds on liquidation. Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital. At 30 June 2025 there were 1,151,323,925 options to acquire fully paid ordinary shares in the Company (2024: 1,059,942,521).

(i) Issue of shares for NTEC Mining Services Agreement released from escrow

On 2 May 2024, the Company issued 424,242,424 ordinary shares to Navajo Transitional Energy Company ("NTEC") which are subject to the achievement of various milestones including full permitting of the Big Sandy Lithium Project. NTEC are contracted to complete the exploration programme and their contract has a series of milestones to complete. As each milestone is achieved, the value of the shares released from escrow are expensed as exploration expenditure. During FY2024, Milestones 1 and 2 were achieved resulting in 11,523,491 shares released from escrow and \$276,564 recognised as exploration expenditure and the fair value of the services performed to date.

Notes to the financial statements (continued)

17 CONTRIBUTED EQUITY (continued)

Exchangeable shares	Number of shares 2024	2024 \$
Opening balance	251,538,925	12,576,946
Retraction for ordinary shares (ii)	(251,538,925)	(12,576,946)
Closing balance	-	-

(ii) Exchangeable Shares

Each Exchangeable Share will be exchangeable into an Ordinary Share at no cost to the holder at the option of the holder. Upon conversion, application for the quotation of these Ordinary Shares was made as follows:

On 15 May 2024 7,826,577 ordinary shares were issued in exchange for the exchangeable shares.

On 29 March 2024 30,328,060 ordinary shares were issued in exchange for the exchangeable shares.

On 23 February 2024 24,972,428 ordinary shares were issued in exchange for the exchangeable shares.

On 2 February 2024 29,574,163 ordinary shares were issued in exchange for the exchangeable shares.

On 24 November 2023 25,728,383 ordinary shares were issued in exchange for the exchangeable shares.

On 31 October 2023 88,096,346 ordinary shares were issued in exchange for the exchangeable shares.

On 25 August 2023 31,702,852 ordinary shares were issued in exchange for the exchangeable shares.

On 21 July 2023 1,507,705 ordinary shares were issued in exchange for the exchangeable shares.

On 11 July 2023 11,802,411 ordinary shares were issued in exchange for the exchangeable shares.

Special Voting Share

The Company has issued one Special Voting Share to a trustee which will hold the Special Voting Share on behalf of all holders of Exchangeable Shares in order that holders of Exchangeable Shares will be able to vote at the Company's shareholder meetings. The Special Voting Share will carry as many votes at shareholder meetings of the Company as there are exchangeable shares on issue at the voting eligibility cut-off time of the meeting. The Special Voting Share is not transferable, will not be listed and will cease to have any voting rights at meetings of the Company's shareholders once all Exchangeable Shares have been converted into Ordinary Shares.

Options

Options issued during the year comprise 472,333,190 free attaching options exercisable at \$0.012 by 19 May 2028, which were part of the capital raising during the year.

Notes to the financial statements (continued)

18 RESERVES

Share-based payment reserve

	2025 \$	2024 \$
Opening balance	33,032,647	22,228,179
Movement for the year	(3,463,505)	10,804,468
Closing balance	29,569,142	33,032,647

Foreign translation reserve

Opening balance	(2,036,134)	1,290,200
Foreign translation difference on translation of controlled entities	(841,229)	(3,326,334)
Closing balance	(2,877,363)	(2,036,134)
	26,691,779	30,996,513

Share-based payment reserve:

The share-based payment reserve relates to shares and share options and performance rights granted by the Company to its employees under its employee share plan and other suppliers in consideration for services rendered.

Foreign translation reserve:

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign translation reserve. Exchange differences previously accumulated in the foreign translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

For personal use only

Notes to the financial statements (continued)

19 CONTROLLED ENTITIES

Parent entity	Percentage Interest		Country of incorporation
	2025	2024	
Prairie Lithium Limited			Australia
Particulars in relation to controlled entities			
USA Lithium Limited	100%	100%	Australia
US Lithium Pty Ltd	100%	100%	Australia
New Mexico Lithium Pty Ltd	100%	100%	Australia
Big Sandy Inc	100%	100%	United States
Lordsburg Resource Inc	100%	100%	United States
Trout Creek Ranch Pty Ltd	100%	100%	Australia
Trout Creek Ranch LLC	100%	100%	United States
Broadford Stables Pty Ltd	100%	100%	Australia
Prairie Lithium Corporation	100%	100%	Canada
2477827 Alberta Corporation	100%	100%	Canada
2477955 Alberta Corporation	100%	100%	Canada
ZYL Mining (SA) Proprietary Limited	100%	100%	South Africa
Oakleaf Investment Holdings (Proprietary) Limited	100%	100%	South Africa
Altius Trading 404 (Proprietary) Limited	70%	70%	South Africa

20 PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Prairie Lithium Limited. The information presented has been prepared using consistent accounting policies as stated in note 1.

(a) Summary financial information

	2025 \$	2024 \$
Current assets	41,645,271	38,544,083
Total assets	119,263,051	124,973,201
Current liabilities	340,557	3,546,460
Total liabilities	352,394	3,574,028
Contributed equity	179,045,955	183,488,680
Reserves	29,569,142	33,032,647
Accumulated losses	(118,281,204)	(123,533,373)
Total equity	90,333,893	92,987,954
Profit/(Loss) for the year	5,252,169	(23,577,262)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive income/(loss) for the year	5,252,169	(23,577,262)

(b) The parent entity had not provided any material guarantees as at 30 June 2025.

(c) The parent entity did not have any material contingent liabilities as at 30 June 2025.

(d) The parent entity did not have any material contractual commitments as at 30 June 2025.

Notes to the financial statements (continued)

21 SEGMENT INFORMATION

During the year, the Group's operations consisted of mineral exploration in North America and corporate functions.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian or Canadian dollars with no interest charged. There are no intragroup eliminations because assets are used across the Group and all trade payables are paid by Australian entities, with all assets, liabilities and transactions controlled from Australia. Costs of acquiring North American mineral exploration interests and exploration expenditure incurred by the Company for North American operations are allocated to the North American segments respectively.

Subsequent to year end, the Group disposed of its Big Sandy project, which was part of the North America segment. Big Sandy has been classified as a discontinued operation in accordance with AASB 5 (Note 30). Comparative information has been re-presented to exclude Big Sandy from continuing operations.

(i) Segment performance

	Australia		North America		Consolidated	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Interest income	11,872	77,624	435,241	350,344	447,113	427,968
Other	3,138,883	1,357,820	11,102,041	365,041	14,240,924	1,722,862
Total revenue	3,150,755	1,435,444	11,537,282	715,385	14,688,037	2,150,829
Segment result:						
Share based payment expense	3,463,505	(10,575,108)	-	-	3,463,505	(10,575,108)
Exploration and evaluation	-	-	(4,716,066)	(5,041,580)	(4,716,066)	(5,041,580)
Administrative expenses	(488,480)	(737,358)	(175,623)	(507,161)	(664,103)	(1,244,519)
Other expense	(2,131,804)	(3,361,610)	(53,175)	(101,878)	(2,184,979)	(3,463,488)
Profit/(Loss) after income tax	3,993,976	(13,238,632)	6,592,418	(4,935,234)	10,586,394	(18,173,866)

(ii) Segment financial position

	Australia		North America		Consolidated	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Segment assets	2,873,059	11,643,371	95,980,078	73,090,904	98,853,137	90,734,275
Segment liabilities	(352,394)	(3,574,028)	(3,673,854)	(4,077,547)	(4,026,248)	(7,651,575)
Segment net assets	2,520,665	8,069,343	92,306,224	75,013,357	94,826,889	83,082,700

Notes to the financial statements (continued)

22 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2025.

	2025 \$	2024 \$
Short term employment benefit	963,210	873,639
Post-employment benefits	30,403	26,801
Bonus	450,000	-
Share based payments	(3,140,439)	8,629,441
	(1,696,826)	9,529,881

23 RELATED PARTY TRANSACTIONS AND BALANCES

The Group's main related parties are as follows:

a. Subsidiaries

Interest in subsidiaries are set out in Note 19.

b. Key management personnel

Disclosures relating to key management personnel are set out in note 22.

c. Transactions with related parties:

During the year, no options or performance rights were issued to directors. Disclosures relating to share based payments are set out in note 29.

Other than as set out above, there were no other transactions with KMP's during the year.

24 EARNINGS PER SHARE

Profit/(Loss) per share attributable to the ordinary equity holders of the company

	2025	2024
Basic/diluted profit/(loss) per share in cents	0.23	(0.65)
Basic/diluted profit/(loss) per share in cents from continuing operations	0.33	(0.65)
Basic/diluted profit/(loss) per share in cents from discontinued operations	(0.10)	-
Weighted average number of ordinary shares used in the calculation of basic/diluted profit/(loss) per share	4,597,062,463	3,525,123,463
Basic/diluted profit/(loss)	10,586,394	(22,817,088)
Basic/diluted profit/(loss) from continuing operations	15,166,730	(22,817,088)
Basic/diluted profit/(loss) from discontinued operations	(4,580,336)	-

The options on issue at 30 June 2025 were anti-dilutive, and therefore diluted loss per share was the same as basic loss per share.

25 FINANCIAL INSTRUMENTS

The Group has exposure to various risks from the use of financial instruments. The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

Notes to the financial statements (continued)

(a) Financial risk exposure and management

Financial risks including credit risk, liquidity risk, and market risk (interest rate risk, and foreign currency risk) are managed such to maintain on optimal capital structure. The Group does not enter into derivative transactions to manage financial risks. In the current period, the Group's financial risk arises principally from cash financial assets, trade receivables and investments in unlisted entities. The Group invests its cash in term deposits and other appropriate bank accounts to obtain market interest rates.

(b) Capital risk management

The Group consistently monitors expenditure and adjusts expenditure and raises capital as required. The capital of the Group now consists of equity of the Group (comprising issued capital and reserves as detailed in notes 17 and 18, and accumulated losses).

(c) Market rate risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk in relation to the acquisition of goods and services in United States Dollars (USD) and Canadian Dollars (CAD). The Group does not hedge this exposure by using financial instruments. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2025 \$	2024 \$
Financial Assets		
Cash and cash equivalents (USD)	9,076	522,894
Cash and cash equivalents (CAD)	442,821	10,331,857
Trade and other receivables (USD)	-	-
Trade and other receivables (CAD)	-	-
Other financial assets (USD)	145,500	149,948
Other financial assets (CAD)	151,076	150,447
Financial Liabilities		
Trade payables (USD)	110,789	311,981
Trade payables (CAD)	1,853,332	1,674,658
Financial liabilities (USD)	114,327	263,791

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

The following tables show the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the presentation currency.

	Net Financial Assets/(Liabilities) in \$AUD		
	USD	CAD	Total
2025	(70,541)	(1,259,435)	(1,329,976)
2024	97,070	8,807,646	8,904,716

In respect of the above USD and CAD foreign currency risk exposure in existence at the reporting date a sensitivity of 10% lower (or a relative strengthening of the Australian dollar) and 10% higher (or a relative weakening of the Australian dollar) has been applied. With all other variables held constant, post tax loss and equity would have been affected as follows:

USD: AUD \$7,054 gain; AUD \$7,054 loss (2024: AUD \$9,707 gain; AUD \$9,707 loss)

CAD: AUD \$125,943 gain; AUD \$125,943 loss; (2024: AUD \$880,765 gain; AUD \$880,765 loss)

(ii) Interest rate risk

The following table details the Group's exposure to interest rate risk at the end of the reporting period.

	Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non-Bearing Interest \$	Total \$
			Maturing within 12 months		
2025					
<i>Financial assets</i>					
Cash at bank	1.48	847,945	2,300,000	-	3,147,945
Trade and other receivables		-	-	12,872	12,872
Other financial assets		-	20,000	201,971	221,971
		847,945	2,320,000	214,843	3,382,788
<i>Financial liabilities</i>					
Trade and other payables		-	-	2,227,428	2,227,428
Lease liability	6.00	-	27,493	-	27,493
		-	27,493	2,227,428	2,254,921
2024					
<i>Financial assets</i>					
Cash at bank	1.41	4,279,133	7,673,756	-	11,952,889
Trade and other receivables		-	-	61,597	61,597
Other financial assets		-	20,000	694,844	714,844
		4,279,133	7,693,756	756,441	12,729,330
<i>Financial liabilities</i>					
Trade and other payables		-	-	2,227,129	2,227,129
Lease liability	6.00	-	42,314	-	42,314
		-		2,227,129	2,269,443

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

At 30 June 2025, the effect on the Group's loss and equity as a result of changes in the interest rates, with all other variables remaining constant, would be as follows:

	2025		2024	
	Interest rate risk		Interest rate risk	
	+ 1.0%	-1.0%	+ 1.0%	-1.0%
<i>Financial assets</i>				
Cash at bank	8,479	(8,479)	42,791	(42,791)
Other financial assets	200	(200)	200	(200)
	8,679	(8,679)	42,991	(42,991)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient cash to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities:

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Over 12 months
	\$	\$	\$
2025			
Non-derivatives			
Trade and other payables	2,227,482	-	-
Lease liability	-	-	-
Total non-derivatives	2,227,482	-	-
2024			
Non-derivatives			
Trade and other payables	2,227,129	-	-
Lease liability	350,404	350,404	1,550,457
Total non-derivatives	2,577,533	350,404	1,550,457

Notes to the financial statements (continued)

25 FINANCIAL INSTRUMENTS (continued)

(e) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, trade and other receivables, and other financial assets. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Any term deposits are to be held by at least AA rated banks thereby mitigating the risk of default on these deposits. The Group's policy is to review all outstanding debtors at the end of the reporting period and an expected credit losses provision is raised. At the end of the reporting period, no expected credit losses provision was raised.

The Group does not have any material credit risk exposure to any single receivable or Company or any receivables under financial instruments entered into by the Group.

(f) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements is considered a reasonable approximation of their respective net fair values.

Notes to the financial statements (continued)

26 NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the statement of cash flow, cash includes cash on hand and at bank.

Cash at the end of the financial year is reconciled to the related items in the statement of financial position as follows:

	2024 \$	2024 \$
Cash	3,147,945	11,952,889

(b) Reconciliation of Profit/(Loss) After Income Tax to Net Cash (Used In) Operating Activities

Loss after income tax	10,586,394	(22,817,088)
Add/(less) non-cash items:		
Net exchange differences	(36,503)	(538,608)
Impairment of financial asset	343,555	1,555,203
Share based payment expense	(3,463,505)	10,575,108
Depreciation	67,138	699,158
Flow-through share premium	(3,138,883)	-
Profit on sale of tenements	(10,825,925)	-
Finance expense	1,979	133,798
Net cash used in operating activities before change in assets and liabilities	(6,465,750)	(10,392,429)
Change in assets and liabilities:		
(Increase)/Decrease in receivables	48,725	1,083,213
(Increase)/Decrease in prepayments	98,507	(84,877)
Increase/(Decrease) in payables	(956,762)	667,825
Increase in provisions	16,256	34,298
Net cash used in operating activities	(7,259,024)	(8,691,970)

(c) Financing Facilities

There were no financing facilities in place at the end of the period (2024: Nil) other than a credit card facility with a \$20,000 limit that is repaid in full monthly and secured by a \$20,000 deposit.

Notes to the financial statements (continued)

27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 July 2025, the Company entered into agreements to sell the Big Sandy Lithium Project and the Lithium Research Centre for total proceeds of USD5 million. On 3 August 2025 this transaction was completed and the Company received the funds.

On 18 September 2025, shareholders at a general meeting approved the change of the Company's name to Prairie Lithium Limited.

No other events that would have a significant effect on the financial report have occurred since the end of the reporting period.

28 CONTINGENT LIABILITIES AND COMMITMENTS

There are no annual exploration expenditure commitments on the Group's exploration tenements however the Group is required to pay an annual renewal fees of \$530,344 (2024: \$601,203). At 30 June 2025, the Company has a commitment under a services agreement of \$1,698,359 (2024: \$Nil).

Except for the above, as at the end of the reporting period, the Directors were not aware of any other contingent liabilities or contingent assets.

29 SHARE BASED PAYMENTS

	2025 \$	2024 \$
Share based payments in the Statement of Profit or Loss and Other Comprehensive Income		
Share based payments for directors	3,140,439	(8,629,441)
Share based payments for other employees and advisors	323,066	(1,945,667)
Total	3,463,505	(10,575,108)
Share based payments recognised as a capital raising cost		
Issue of options to joint lead managers for the capital raisings	-	(229,360)
Share based payments recognised as exploration expensed (Note 17(i))	-	(276,564)

The following share options were issued and recognised during 2024:

- 26,000,000 \$0.05 Lead Manager options expiring 10/08/2025 with a total value of \$229,360 were recognised during the year as a capital raising cost, vesting immediately.
- 125,750,000 \$0.04 employee and advisor options expiring 1/3/2027 with a total value of \$2,086,192 were recognised during the year as a share based payment expense, vesting over 2 years. With \$1,041,191 recognised during the year.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of Options issued as share based payments.

Issue Date	Expiry Date	Exercise Price (\$)	Balance 01/07/2024	Granted during the year	Expired or change due to resigning	Balance 30/06/25	Number vested & exercisable
11/10/2021	11/10/2024	0.06	20,000,000	-	(20,000,000)	-	-
11/10/2021	11/10/2024	0.06	2,000,000	-	(2,000,000)	-	-
16/11/2021	11/10/2024	0.06	70,000,000	-	(70,000,000)	-	-
16/11/2021	11/10/2024	0.06	20,000,000	-	(20,000,000)	-	-
15/8/2022	15/5/2024	0.18	18,000,000	-	(18,000,000)	-	-
15/8/2022	15/5/2024	0.18	25,000,000	-	(25,000,000)	-	-
27/3/2023	27/3/2027	0.12	11,000,000	-	-	11,000,000	11,000,000
28/4/2023	27/3/2027	0.12	9,750,000	-	-	9,750,000	9,750,000
19/5/2023	19/5/2027	0.12	9,750,000	-	(2,437,000)	7,312,500	7,312,500
4/08/2023	10/08/2025	0.05	16,000,000	-	-	16,000,000	16,000,000
21/12/2023	10/08/2025	0.05	10,000,000	-	-	10,000,000	10,000,000
1/03/2024	1/03/2027	0.04	125,750,000	-	(65,000,000)	60,750,000	51,333,336
			337,250,000	-	(222,437,500)	114,812,500	105,395,836
Weighted average exercise price (\$)			0.0725	-	0.0780	0.0618	0.0638

The weighted average remaining contractual life of share-based payment options outstanding as at 30 June 2025 was 1.34 years (2024: 1.44 years).

The weighted average fair value of options outstanding as at 30 June 2025 was \$0.0168 (2024: \$0.0375).

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for valuations of all share options issued during the year or prior year that affects the current year expense were as below, with nil dividend yield expected:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Total
Measurement date	27/3/2023	26/4/2023	15/5/2023	4/8/2023	21/12/2023	1/3/24	
Issue date	27/3/2023	28/4/2023	19/5/2023	10/8/2023	21/12/2023	1/3/24	
Expiry date	27/3/2027	27/3/2027	19/5/2027	10/8/2025	10/8/2025	1/3/27	
Expected volatility (%)	100%	100%	100%	100%	100%	100%	
Risk-free interest rate (%)	2.21%	2.77%	3.09%	4.07%	3.90%	3.71%	
Expected life of options (years)	4.00	4.00	4.00	2.02	1.64	3.00	
Underlying share price	\$0.046	\$0.044	\$0.05	\$0.019	\$0.034	\$0.029	
Option exercise price	\$0.12	\$0.12	\$0.12	\$0.05	\$0.05	\$0.04	
Value of option	\$0.02297	\$0.02297	\$0.02779	\$0.0596	\$0.0134	\$0.0166	
Number of options issued or expected to be issued	11,000,000	9,750,000	9,750,000	16,000,000	10,000,000	125,750,000	
Value of options	\$269,940	\$223,957	\$270,952	\$95,350	\$134,000	\$2,086,192	
Amount expensed during 2025	\$10,610	\$9,314	(\$50,376)	-	-	(\$85,565)	(\$116,017)

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

The following performance rights were issued and recognised during FY2023:

- 30,000,000 performance rights were issued to an employee on 22/09/2022 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	10,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	15 August 2025
Class B	2,000,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	15 August 2025
Class C	9,000,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	15 August 2026
Class D	9,000,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	15 August 2027

During the year, 28,000,000 unvested performance rights were cancelled on resignation of the employee resulting in an expense reversal of \$1,116,661. 2,000,000 Class B performance rights have vested in a prior year.

- 111,500,000 performance rights were issued to directors on 15/08/2022 following shareholder approval at a general meeting held on 14/07/2022 as follows:

Tranche	# Performance Rights	Vesting Condition	Expiry Date
Class A	26,000,000	Successful commercial operation of the research facility in Phoenix, Arizona to process ore from the Big Sandy Lithium Project and produce lithium to a market acceptable standard with a minimum production of 20kgs of LCE per month for two consecutive months.	3 years from the date of issue
Class B	28,500,000	Completion of a successful Scoping Study for the Big Sandy Lithium Project	3 years from the date of issue
Class C	28,500,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study for the Big Sandy Lithium Project	4 years from the date of issue
Class D	28,500,000	Announcement to the ASX of the completion of a profitable Bankable Feasibility Study for the Big Sandy Lithium Project	5 years from the date of issue

28,500,000 Class B performance rights have vested during a prior year, leaving 83,000,000 outstanding as at 30 June 2025. On 9 July 2025, the Company entered into agreements to sell the Big Sandy Lithium Project and the Lithium Research Centre, rendering the outstanding performance rights incapable of vesting. As a result, the Company has recognised an expense reversal of \$4,346,047 at 30 June 2025.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

- 240,000,000 performance rights were issued to directors on 27/03/2023 following shareholder approval at a general meeting held on 14/03/2023 as follows:

Tranche	Performance Rights #	Vesting Condition	Expiry Date
Class A	84,000,000	Announcement to the ASX of the completion of a profitable Preliminary Feasibility Study (PFS) for the Prairie Lithium project.	3 years from the date of issue
Class B	36,000,000	Announcement of an upgraded resource of at least 1 million tonnes of Lithium Carbonate Equivalent (LCE) over the Prairie Lithium project from an inferred to an indicated resource.	3 years from the date of issue
Class C	60,000,000	Market capitalisation of the Company to exceed 500 million AUD based on a 20 day VWAP.	4 years from the date of issue
Class D	60,000,000	Announcement to the ASX of the production of a minimum of 1,000kgs of LCE from the Prairie Lithium project.	5 years from the date of issue

These performance rights were valued at \$11,346,000 of which \$1,194,998 was expensed for directors in 2025 in accordance with the vesting periods.

120,000,000 Class A & Class B performance rights have vested in a prior year, leaving 120,000,000 outstanding as at 30 June 2025.

Notes to the financial statements (continued)

29 SHARE BASED PAYMENTS (continued)

Set out below are the summaries of performance rights issued as share based payments.

Tranche	Issue Date	Expiry Date	Balance 01/07/2024	Granted during the year	Cancelled	Balance 30/06/25	Number vested & exercisable	Fair value
A	15/08/2022	15/08/2025	26,000,000	-	-	26,000,000	-	\$0.085
C	15/08/2022	15/08/2026	28,500,000	-	-	28,500,000	-	\$0.085
D	15/08/2022	15/08/2027	28,500,000	-	-	28,500,000	-	\$0.085
A	23/09/2022	15/08/2025	10,000,000	-	(10,000,000)	-	-	\$0.083
C	23/09/2022	15/08/2026	9,000,000	-	(9,000,000)	-	-	\$0.083
D	23/09/2022	15/08/2027	9,000,000	-	(9,000,000)	-	-	\$0.083
C	27/03/2023	14/03/2027	60,000,000	-	-	60,000,000	-	\$0.0391
D	27/03/2023	14/03/2028	60,000,000	-	-	60,000,000	-	\$0.05
			231,000,000	-	(28,000,000)	203,000,000	-	

The weighted average remaining contractual life of share-based payment performance rights outstanding as at 30 June 2025 was 1.78 years (2024: 2.36 years).

The weighted average fair value of performance rights outstanding as at 30 June 2025 was \$0.061 (2024: \$0.064).

The fair values of the performance rights issued is the underlying share price on the date of approval with the exception of Tranche C (expiring 14/03/2027) which was valued using the binomial model to take into account the market-based vesting condition.

Notes to the financial statements (continued)

NOTE 30 DISCONTINUED OPERATIONS

On 9 July 2025, the Company entered into agreements to sell the Big Sandy Lithium Project and the Lithium Research Centre for total consideration of USD 5 million. The transaction was completed on 3 August 2025, and the Company received the proceeds in full. Accordingly, the assets and liabilities associated with these operations were classified as held for sale as at the reporting date [refer to Note 30(b)].

These operations have been classified as discontinued operations, as the Company has ceased all activities in the United States.

(a) Financial performance information

	30 June 2025	30 June 2024
	\$	\$
Other Income	60	2
Exploration and evaluation	(1,686,426)	(2,665,265)
Administrative expenses	(2,893,970)	(1,980,023)
Loss before income tax	(4,580,336)	(4,643,222)
Income tax	-	-
Loss after income tax from discontinued operations	(4,580,336)	(4,643,222)

(b) Assets held for sale

	30 June 2025
	\$
Cash and cash equivalents	13,856
Prepayments	77,982
Plant and equipment	6,753,572
Right of use assets	1,213,943
Other financial assets	222,136
	8,281,489

The assets identified above represents the assets of Big Sandy Lithium Project and the Lithium Research Centre which was sold on 9 July 2025.

(c) Liabilities held for sale

	30 June 2025
	\$
Trade and other payables	169,143
Lease liability	1,551,630
	1,720,773

The liabilities identified above represents the assets of Big Sandy Lithium Project and the Lithium Research Centre which was sold on 9 July 2025.

Notes to the financial statements (continued)

(d) Cash flows used in discontinued operations

30 June 2025			
\$			
Net cash used in operating activities		(3,368,440)	
Net cash used in investing activities		(38,141)	
		(3,406,581)	

The cash flows identified above represents the assets of Big Sandy Lithium Project and the Lithium Research Centre which was sold on 9 July 2025.

For personal use only

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Arizona Lithium Ltd and all the entities it controls in accordance with *AASB 10 Consolidated Financial Statements*

Name of entity	Type of entity	Trustee, partnership or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Prairie Lithium Limited	Body corporate	n/a	n/a	Australia	Australia and Foreign	Australia and Canada
USA Lithium Limited	Body corporate	n/a	100%	Australia	Australia	Australia
US Lithium Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
New Mexico Lithium Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Big Sandy Inc	Body corporate	n/a	100%	United States	Foreign	United States
Lordsburg Resource Inc	Body corporate	n/a	100%	United States	Foreign	United States
Trout Creek Ranch Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Trout Creek Ranch LLC	Body corporate	n/a	100%	United States	Foreign	United States
Broadford Stables Pty Ltd	Body corporate	n/a	100%	Australia	Australia	Australia
Prairie Lithium Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
2477827 Alberta Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
2477955 Alberta Corporation	Body corporate	n/a	100%	Canada	Foreign	Canada
ZYL Mining (SA) Proprietary Limited	Body corporate	n/a	100%	South Africa	Foreign	South Africa
Oakleaf Investment Holdings (Proprietary) Limited	Body corporate	n/a	100%	South Africa	Foreign	South Africa
Altius Trading 404 (Proprietary) Limited	Body corporate	n/a	70%	South Africa	Foreign	South Africa

For personal use only

Directors' Declaration

In accordance with a resolution of the directors of Prairie Lithium Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the Group for the financial year ended 30 June 2025 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial positions as at 30 June 2025 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a);
 - (c) 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
 - (d) the consolidated entity disclosure statement is true and correct.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

On behalf of the Board



Mr Barnaby Egerton-Warburton

Non-Executive Chairman

Dated at Perth this 26th day of September 2025

For personal use only

Independent Auditor's Report

To the Members of Prairie Lithium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Prairie Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the 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 30 June 2025 and of its performance for the year ended on that date; 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

grantthornton.com.au

ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Expenditure - Note 10 & Note 1 (g) At 30 June 2025 the carrying value of exploration and evaluation expenditure was \$86,594,746. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: - obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; - reviewing management's area of interest considerations against the requirements of AASB 6; - conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: - tracing projects to statutory registers, exploration licenses and third-party confirmations to determine whether a right of tenure existed; - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; and - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and - assessing the appropriateness of the related financial statement disclosures.
Going Concern As described in Note 1(a) of the financial report, the financial statement have been prepared on a going concern basis. Following a reduction of net cashflow from operating and investing activities and a current asset position, assessing the appropriateness of the Group's basis of preparation for the financial statements was a key audit matter due to the importance to the financial statements and the level of judgement required in assessing the Group's forecast cash flows for a period of at least 12 months from the date of the audit report. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty to be a key risk.	Our procedures included, amongst others: - obtaining an understanding the forecasting process undertaken by management; - assessing the ability of management to prepare accurate budgets and forecasts based on past results; - reviewing the assumptions used by the Directors in their assessment for consistency and appropriateness; - evaluating the consistency of key inputs in the cash flow forecast compared to other financial and operational information; - reviewing and considering other information including minutes of meetings and subsequent events and incorporating them into our analysis and discussions with management; - challenging management's assumptions in the cash flow forecast for the period; - considering the availability of financing and other working capital options available to the Group to confirm the entity is able to pay its debts as and when they fall due; - verifying post year end cash flows have been received; and - assessing the appropriateness of the related financial statement disclosures.

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 30 June 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 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 Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 18 of the Directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Prairie Lithium Limited, for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B E Burgess
Partner – Audit & Assurance
Perth, 26 September 2025

Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

The 2024 corporate governance statement was approved by the Board on 26th September 2025 and is current as at 26th September 2025. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.arizonalithium.com/corporate-governance/.

For personal use only

ASX Additional Information

The following information is based on share registry information processed up to 19 September 2025.

Ordinary Share Capital

5,380,314,445 shares are held by 15,728 individual holders.

Voting Rights

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

Distribution of Holders of Equity Securities – Fully Paid Ordinary Shares

Holdings Range	Holders	Number of Shares	Percentage of Issue Capital %
1 – 1,000	277	53,709	0.00%
1,001 – 5,000	1,502	5,590,698	0.10%
5,001 – 10,000	2,201	17,203,552	0.32%
10,001 – 100,000	7,751	310,022,918	5.76%
100,001 and over	3,997	5,047,443,568	93.81%
Total	15,728	5,380,314,445	100.00%

Unmarketable Parcels

Holders: 2,738
Units: 11,503,248

On-market Buy Back

There is no current on-market buy-back.

Substantial Shareholders

	Ordinary Shares	
	No.	%
Navajo Transitional Energy Co LLC	437,242,424	8.13
Citicorp Nominees Pty Ltd	413,824,323	7.69

For personal use only

ASX Additional Information

Twenty Largest Holders of Quoted Fully Paid Ordinary Shares (Grouped)

	Holder Name	Holding	% Issued Capital
1	NAVAJO TRANSITIONAL ENERGY CO LLC	437,242,424	8.13%
2	CITICORP NOMINEES PTY LIMITED	413,824,323	7.69%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	203,030,511	3.77%
4	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	156,405,771	2.91%
5	MR LEENDERT HOEKSEMA	119,000,000	2.21%
6	CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	99,349,356	1.85%
7	MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	90,368,211	1.68%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	58,100,958	1.08%
9	BNP PARIBAS NOMS PTY LTD	55,618,645	1.03%
10	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	46,709,556	0.87%
11	MR BARNABY IAN ROBERT EGERTON-WARBURTON	41,690,000	0.77%
12	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	37,941,019	0.71%
13	MATTHEW BLUMBERG	36,000,000	0.67%
14	MR CORNELIS JOHANNUS VERDOUW	35,000,000	0.65%
15	HOOKS ENTERPRISES PTY LTD <HOEKSEMA SUPERFUND A/C>	33,000,000	0.61%
16	MR LEIGH CHARLES MARTIN	30,000,000	0.56%
17	MAVERICK AG LTD	26,326,843	0.49%
18	PARANOID ENTERPRISES PTY LTD	25,000,000	0.46%
18	MR LAURIE DE MARCO & MISS SYLVIA LUFT	25,000,000	0.46%
19	MR TAO ZHANG	24,807,723	0.46%
20	MR NIKICA PAVIC	21,518,869	0.40%
	Total	2,015,934,209	37.47%

Unquoted Securities

Class	Number	No. of Holders
Options exercisable at \$0.12 each on or before 27 March 2027	20,750,000	2
Options exercisable at \$0.12 each on or before 19 May 2027	7,312,500	1
Options exercisable at \$0.04 each on or before 1 March 2027	57,750,002	10
Options exercisable at \$0.012 each on or before 19 May 2028	472,333,190	294
Directors Performance Rights – Class C expiring 27 March 2027	60,000,000	3
Directors Performance Rights – Class D expiring 27 March 2028	60,000,000	3

ASX Additional Information

Schedule of Mining Tenements at 30 June 2025

Project	Claim Number	Location	Interest
Big Sandy	WIK 21 to WIK 24	Arizona, USA	100%
Big Sandy	WIK 32 to WIK 35	Arizona, USA	100%
Big Sandy	WIK 43 to WIK 46	Arizona, USA	100%
Big Sandy	WIK 53 to WIK 112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-128	Arizona, USA	100%
Big Sandy	BSLII 009 to BSLII 035	Arizona, USA	100%
Lordsburg	LLP-211 to LLP-274	New Mexico, USA	100%
Lordsburg	LLP-283 to LLP-298	New Mexico, USA	100%
Lordsburg	LLP-307 to LLP-322	New Mexico, USA	100%
Lordsburg	LLP2-1 to LLP2-96	New Mexico, USA	100%
Prairie Lithium	S002/1	Saskatchewan, Canada	100%
Prairie Lithium	S004/1, S004/5	Saskatchewan, Canada	100%
Prairie Lithium	S005/46-48, S005/58, S005/60	Saskatchewan, Canada	100%
Prairie Lithium	S008/31-35, S008/41, S008/49-54, S008/56, S008/69-74, S008/77, S008/86-99, S008/102-109	Saskatchewan, Canada	100%
Prairie Lithium	S009/19, S009/24, S009/35, S009/39, S009/41-44, S009/50-53	Saskatchewan, Canada	100%
Prairie Lithium	Canpar Holdings Ltd. File No. M043397, M043398, M043399, M043400 Freehold Royalties Ltd. File No. M043402, M043403	Saskatchewan, Canada	100%

For personal use only