
Argentina Lithium & Energy Corp.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in Canadian Dollars)



Crowe MacKay LLP

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Independent Auditor's Report

To the Shareholders of Argentina Lithium & Energy Corp.

Opinion

We have audited the consolidated financial statements of Argentina Lithium & Energy Corp. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2025. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 4 to the consolidated financial statements, the carrying value of Mineral Property Interests represents a significant asset of the Group. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to Exploration and Evaluation Assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the Mineral Property Interests is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2025.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of the Exploration and Evaluation Assets balance and (ii) the judgments made by management in its assessment of indicators of impairment related to Exploration and Evaluation Assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Obtained, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates;
- Assessed compliance with option agreements by reviewing agreements;
- Enquired with management and reviewing its future plans and other documentation as evidence that further exploration and evaluation activities in the area of interest will be continued in the future;
- Assessed whether any data exists to suggest that the carrying value of the Exploration and Evaluation Assets is unlikely to be recovered through development or sale; and
- Assessed the adequacy of the related disclosures in Note 2, and Note 4 to the consolidated financial statements.

Loss of Prepaid Drilling on Settlement of Loans

As disclosed in Notes 3 and 6 to the consolidated financial statements, the Group recognized a loss of \$18.77 million related to the settlement of loans payable. The loss arose when the Company forfeited \$23.31 million of prepaid drilling deposits in order to settle loans payable with a carrying amount of \$4.54 million, resulting in a net loss on settlement. The loss on prepaid drilling on settlement of the loans was significant to the consolidated financial statements. In addition, management exercised significant judgment in determining the amount of prepaid drilling services forfeited upon settlement of the loans, the extent to which the repaid drilling services represented recoverable security against the loan payable, and the appropriate accounting treatment under IFRS Accounting Standards as issued by the International Accounting Standards Board, including consideration of any potential recovery rights.

Why the matter was determined to be a key audit matter

We considered this matter to be a key audit matter due to the significance of the loss on prepaid drilling services, the complexity of the transaction structure, and the significant management judgment required in determining the accounting treatment for the settlement of the loans payable, including the assessment of the repurchase right for forfeited drilling metres. The matter also required a high degree of auditor judgment and effort, including procedures over the contractual arrangements and the prepaid drilling services provided as security relative to the outstanding loan balance.

How the matter was addressed in our audit

In responding to the key audit matter, we evaluated the loss on prepaid drilling services in settlement of the loans payable, including but not limited to:

- Obtained and inspected agreements with the drilling services contractor (the lender) to understand the contractual terms and conditions;
- Enquired of management to understand the loans payable, the prepaid drilling services provided as security, and the nature and extent of authorization of the related arrangements;
- Enquired of management and inspecting agreements to understand the business rationale for the use of funds arising from investment agreements that resulted in the investment in prepaid drilling services;
- Obtained an audit confirmation letter from the drilling services contractor; and
- Assessed the adequacy of the disclosures included in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 Canadian generally accepted 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 these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Pejman Mahlooji.

Crowe Mackay LLP

**Chartered Professional Accountants
Vancouver, Canada
April 30, 2026**

Argentina Lithium & Energy Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2025 \$	December 31, 2024 \$
ASSETS			
Current assets			
Cash and cash equivalents	16	141,890	509,441
Accounts receivables	11	160,035	19,971
Prepaid expenses	3	60,006	7,869,887
Total current assets		361,931	8,399,299
Non-current assets			
Exploration and evaluation assets	4	20,926,598	20,039,145
Equipment		53,665	61,948
Prepaid expenses	3	13,188,869	29,364,823
Total non-current assets		34,169,132	49,465,916
Total Assets		34,531,063	57,865,215
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	3,442,145	1,927,253
Derivative liability	8	1,060,280	876,684
Loans payable	6	-	435,127
Interest payable	6	-	40,976
Total liabilities		4,502,425	3,280,040
EQUITY			
Share capital	7	39,031,867	38,828,350
Reserves	7	14,800,474	14,800,474
Obligation to issue shares	8	271,950	271,950
Deficit		(27,539,420)	(7,376,560)
Total shareholders' equity		26,564,871	46,524,214
Non-controlling interest	8	3,463,767	8,060,961
Total equity		30,028,638	54,585,175
Total Equity and Liabilities		34,531,063	57,865,215

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Notes 4 and 14)

CONTINGENCY (Notes 15)

SUBSEQUENT EVENTS (Note 19)

These consolidated financial statements are authorized for issue by the Board of Directors on April 29, 2026. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"Martin Burian" , Director

The accompanying notes are an integral part of these consolidated financial statements.

Argentina Lithium & Energy Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31,	
		2025	2024
		\$	\$
Expenses			
Accounting and audit		91,063	151,875
Consulting fees	11	680,759	711,270
Corporate development and investor relations		272,644	961,224
Exploration	4, 11	2,703,348	18,234,618
Legal and professional fees		191,825	1,006,520
Management fees	11	60,000	309,000
Office and sundry	11	331,405	213,586
Rent, parking and storage		30,787	37,922
Transfer agent and regulatory fees		38,042	55,928
Travel		40,895	35,593
Loss before other income (loss)		(4,440,768)	(21,717,536)
Other income (loss)			
Fair value adjustment of derivative liability	8	(183,596)	3,337,993
Foreign exchange (loss) gain	18	(13,146)	535,057
Gain on sale of marketable securities	10	-	694,788
Interest income		42,914	47,181
Interest expense	6	(287,507)	(40,976)
Impairment of exploration and evaluation assets	4	-	(4,789,475)
Loss on acquisition of promissory note	5, 6	(1,370,600)	-
Loss to prepaid drilling on settlement of loan	3, 6	(18,769,464)	-
Loss on sale of investments	5	-	(104,443)
Option income	4	262,113	27,254
Total other loss		(20,319,286)	(292,621)
Total loss and comprehensive loss		(24,760,054)	(22,010,157)
Loss attributable to:			
Shareholders of the Company		(20,162,860)	(17,628,614)
Non-controlling interest		(4,597,194)	(4,381,543)
Total loss and comprehensive loss		(24,760,054)	(22,010,157)
Basic and diluted loss per common share	9	(0.15)	(0.13)

The accompanying notes are an integral part of these consolidated financial statements.

Argentina Lithium & Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2025	2024
	\$	\$
Cash flows from operating activities		
Loss for the year	(24,760,054)	(22,010,157)
Adjustments for:		
Fair value adjustment of derivative liability	183,596	(3,337,993)
Foreign exchange loss (gain)	13,146	(535,057)
Gain on sale of marketable securities	-	(694,788)
Interest expense	287,507	40,976
Impairment of exploration and evaluation assets	-	4,789,475
Loss on acquisition of promissory note	1,370,600	-
Loss to prepaid drilling on settlement of loan	18,769,464	-
Loss on sale of investments	-	104,443
Depreciation	8,283	9,315
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivables	(140,064)	50,298
Decrease in prepaid expenses	679,699	12,267,256
Increase in accounts payable and accrued liabilities	1,514,892	341,677
Net cash used in operating activities	(2,072,931)	(8,974,555)
Cash flows from investing activities		
Expenditures on exploration and evaluation assets	(683,936)	(5,519,756)
Expenditures on equipment	-	(71,263)
Proceeds from sale of investments	-	1,248,457
Proceeds from sale of marketable securities	-	2,290,484
Purchase of marketable securities	-	(1,595,696)
Restricted cash received for exploration	-	5,721,535
Net cash (used in) received from investing activities	(683,936)	2,073,761
Cash flows from financing activities		
Loan proceeds received	2,441,910	435,127
Warrants exercised	-	337,500
Net cash received from financing activities	2,441,910	772,627
Foreign exchange effect on cash and cash equivalents	(52,594)	504,757
Net decrease in cash and cash equivalents during the year	(367,551)	(5,623,410)
Cash and cash equivalents at beginning of year	509,441	6,132,851
Cash and cash equivalents at end of year	141,890	509,441

SUPPLEMENTARY CASH FLOW INFORMATION (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.

Argentina Lithium & Energy Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves					Total shareholders' equity	Non-controlling interest	Total equity
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$	Obligation to issue shares \$	(Deficit) Retained earnings \$			
Balance at December 31, 2023	131,158,649	38,179,047	6,366,823	2,288,754	6,226,700	122,460	10,252,054	63,435,838	12,442,504	75,878,342
Shares issued for property option (Note 4(c))	766,667	230,000	-	-	-	-	-	230,000	-	230,000
Obligation to issue shares (Note 8)	-	-	-	-	-	149,490	-	149,490	-	149,490
Warrants exercised	2,250,000	419,303	-	-	(81,803)	-	-	337,500	-	337,500
Warrants expired	-	-	2,363,123	-	(2,363,123)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(17,628,614)	(17,628,614)	(4,381,543)	(22,010,157)
Balance at December 31, 2024	134,175,316	38,828,350	8,729,946	2,288,754	3,781,774	271,950	(7,376,560)	46,524,214	8,060,961	54,585,175
Shares issued for property option (Note 4(b) and (d))	3,391,954	203,517	-	-	-	-	-	203,517	-	203,517
Total comprehensive loss for the year	-	-	-	-	-	-	(20,162,860)	(20,162,860)	(4,597,194)	(24,760,054)
Balance at December 31, 2025	137,567,270	39,031,867	8,729,946	2,288,754	3,781,774	271,950	(27,539,420)	26,564,871	3,463,767	30,028,638

The accompanying notes are an integral part of these consolidated financial statements.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Argentina Lithium & Energy Corp. (the “Company” or “Argentina Lithium”) was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. In September 2016, the Company changed its name to Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) trading on the TSX Venture Exchange (“TSX-V”) under the symbol “LIT”. The address of the Company’s registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the Americas and Argentina. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as exploration and evaluation assets represent costs incurred to date, less option payment proceeds and amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to audited consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated deficit of \$27,539,420, working capital deficiency of \$4,140,494, and shareholders’ equity of \$26,564,871 at December 31, 2025. In addition, the Company has negative cash flow from operating activities of \$2,072,931 for the year ended December 31, 2025. Working capital is defined as current assets less current liabilities and provides a measure of the Company’s ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management’s plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, tariffs, and national and international circumstances. Recent geopolitical events, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These audited consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The Company’s audited consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS issued by the IASB, effective for the Company’s reporting for the year ended December 31, 2025. These consolidated financial statements were approved by the Board of Directors of the Company on April 29, 2026.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Basis of preparation

These audited consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these audited consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These audited consolidated financial statements are expressed in Canadian dollars unless otherwise noted. Amounts in U.S. dollars are denoted as “US\$” and amounts in Argentina Pesos are denoted as “ARS\$”.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	Place of Incorporation	Principal Activity	Ownership Interest	
			2025	2024
Amera-Chile S.C.M.	Chile	Holding company	100%	100%
Argentina Litio Y Energia S.A.	Argentina	Exploration company	80.1%	80.1%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the audited consolidated financial statements.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interest

A non-controlling interest (“NCI”) represents the equity in a subsidiary not attributable, directly or indirectly, to the Company. NCI is recognized at its proportionate share of the value of identifiable net assets acquired on initial recognition., subsequently NCI is adjusted for the proportionate share of net income (loss) and other comprehensive income (loss).

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table summarizes the classification and measurement of the Company’s financial assets and liabilities:

Financial assets/liabilities	Classification and Measurement
Cash and cash equivalents	FVTPL
Accounts receivables	Amortized cost
Investments	FVTPL
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Interest payable	Amortized cost
Derivative liability	FVTPL

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

iii. Derivative liabilities

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract was entered into. Any attributable transaction costs are recognized in the profit or loss as incurred. Subsequent to initial recognition, derivative liabilities are measured at fair value at each reporting date until settlement, with the re-measurement gain or loss being recognized immediately in profit or loss. The Company does not enter into or hold derivative financial instruments for trading or speculative purposes. For more details on derivative liability consisting of options, warrants, and top-up rights, see Notes 7 and 8.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

iv. Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Foreign currencies

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses are recognized in profit or loss.

Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, which increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company and are recorded as mineral property acquisition costs upon payment. Exploration and evaluation assets are classified as intangible assets. Proceeds received from option payments are credited to the carrying value of the mineral property interest, with any excess recorded as other income.

Cash and Cash Equivalents

Cash and cash equivalents include 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 change in value. The Company places its deposits with financial institutions with high credit ratings.

Impairment of long-lived assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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2. MATERIAL ACCOUNTING POLICIES (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Valuation of Equity Units Issued in Private Placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Fair value is determined at the issue date using the Black-Scholes pricing model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve. Charged stock options and warrants that have expired are transferred to contributed surplus.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or contractual obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Argentina Lithium & Energy Corp.

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2. MATERIAL ACCOUNTING POLICIES (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as of December 31, 2025 and 2024.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting judgments

- i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The Company received a significant investment of Argentina Pesos during 2023, but the valuation of the investment was made using the official exchange rate with US dollars. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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2. MATERIAL ACCOUNTING POLICIES (continued)

- iii. Accounting for the loss on prepaid drilling on settlement of the loans payable required significant judgment. The loss represented a significant penalty for non-payment of the loans at maturity. On December 24 2025, the Company entered into a loan amendment with the drilling services contractor that provided for the potential reinstatement of the forfeited prepaid drilling services on payment of the overdue loan amounts within 180 days of the originally scheduled maturity date. Although management expects to continue in its efforts to repay the original amount owing under the loans payable and to recover the forfeited prepaid drilling services there is no assurance that such efforts will be completed according to the required timeframes or be successful. The Company applied significant judgment in determining that the level of assurance required to record a recovery of the forfeited prepaid drilling services was not met as of December 31, 2025 nor subsequently and accordingly a loss of \$18,769,464 was recorded as a result of settlement of the loans payable.

Critical accounting estimates

- i. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

During the year ended December 31, 2024, management has determined there were impairment indicators present with respect to the Company's exploration and evaluation assets. See also Note 4.

- ii. The identification of components on the partial sale in 2023 of the Company's subsidiary, Argentina Litio Y Energia S.A ("ALE") is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The potential Common Share issuances in regard to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black Scholes pricing model to estimate the fair value of such top-up rights at inception, and subsequently at each reporting period. The key assumption used in the model is the expected future volatility of the price of the Company's common shares. The impact of changes in these key assumptions is described in Note 8.
- iii. The Company is from time to time involved in pending or threatened litigation relating to claims arising in the ordinary course of its business. The nature and progression of litigation can make it difficult to predict the impact a particular lawsuit or claim will have on the Company.
- iv. During the year ended December 31, 2025, the Company agreed to repurchase a promissory note that had previously been sold to AGV Falcon Drilling SRL ("AGV") in conjunction with AGV permitting the draw-down of further amounts of loans payable to the Company. The Company applied judgment to recognize the repurchase of the promissory note at its fair value of nil. The fair value determination was based on the financial condition of the underlying investee, which was undergoing bankruptcy protection proceedings. The repurchased amount, being a non-cash item, was added to the Company's loans payable to AGV (see note 6). The promissory note issuer had financial difficulties and it was determined by year-end, as disclosed in note 5, that there was no recoverable amount from the investment. As a result an impairment of \$1,370,600 was recorded on the investment.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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2. MATERIAL ACCOUNTING POLICIES (continued)

New and amended IFRS standards that are effective for the current period:

Amendments to IAS 21, Lack of Exchangeability (effective January 1, 2025) requires companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The amendments respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies. The amendments will help companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and when it cannot, in determining the exchange rate to use and the disclosures to provide. This amendment did not have any impact on the Company's consolidated financial statements.

New Accounting Standards and Interpretations not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2025 and accordingly, they have not been applied in preparing these consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

- i. Three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
- ii. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
- iii. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027, the Company is evaluating the impact on the Company's consolidated financial statements.

On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments focus on areas such as the recognition and derecognition of financial assets and liabilities, the assessment of the "sole payments of principal and interest" criterion, and disclosures for instruments with contractual terms that can change cash flows, including those linked to ESG targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company has not yet assessed the impact of these amendments on the Company's consolidated financial statements.

3. PREPAID EXPENSES

On October 9, 2023, the Company entered into an agreement with AGV Falcon Drilling SRL and prepaid ARS\$13,279,849,068 equivalent to \$51,791,411 for drilling services of up to 15,500 metres at its Antofalla and Rincon West properties, which is non-refundable and which has been accounted for as a non-monetary asset. As of December 31, 2025, the Company has prepaid drilling services remaining with a value of ARS\$3,381,760,685 (December 31, 2024 – ARS\$11,246,548,550) equivalent to \$13,188,869 (December 31, 2024 – \$37,139,911).

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

3. PREPAID EXPENSES (continued)

	December 31, 2025	December 31, 2024
	\$	\$
Balances		
Current prepaid drilling services	-	7,775,088
Other current prepaid expenses	60,006	94,799
Total current expenses	60,006	7,869,887
Non-current prepaid drilling services	13,188,869	29,364,823
Total prepaid expenses	13,248,875	37,234,710

On December 23, 2024, the Company entered into a loan agreement with AGV Falcon Drilling SRL to receive funding secured against this prepaid drilling expense. During the year ended December 31, 2025, 5,175 metres of diamond drilling and 1,800 metres of rotary drilling with a value of \$23,306,136 was deducted to settle the loan (see also Notes 6 and 19).

	Year ended December 31,	
	2025	2024
	\$	\$
Prepaid drilling balance, beginning of year	37,139,911	49,137,408
Drilling expense	(644,906)	(11,997,497)
Prepaid deposit applied against loan payable	(4,536,672)	-
Prepaid deposit forfeited due to non-repayment of loan (penalty)	(18,769,464)	-
Prepaid drilling balance, end of year	13,188,869	37,139,911

4. EXPLORATION AND EVALUATION ASSETS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each exploration and evaluation asset that the Company holds title to as at December 31, 2025 and 2024.

Acquisition Costs

	Argentina				
	Incahuasi	Antofalla	Rincon West	Pocitos	Total
	\$	\$	\$	\$	\$
Balance – December 31, 2023	110,116	6,260,004	8,556,144	4,152,600	19,078,864
Additions					
Option payments, staking costs, land payments and acquisition costs	-	1,227,645	2,931,379	1,590,732	5,749,756
Impairment of exploration and evaluation assets	-	-	(3,402,350)	(1,387,125)	(4,789,475)
Balance – December 31, 2024	110,116	7,487,649	8,085,173	4,356,207	20,039,145
Additions					
Option payments, staking costs, land payments and acquisition costs	46,412	151,514	668,986	20,541	887,453
Balance – December 31, 2025	156,528	7,639,163	8,754,159	4,376,748	20,926,598

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration Expenditures

	Argentina					Total
	Incahuasi	Antofalla	Rincon West	Pocitos	Other	
	\$	\$	\$	\$	\$	\$
Cumulative exploration expenses						
December 31, 2024	3,369,867	927,770	29,258,439	533,860	102,729	34,192,665
Expenditures during the period:						
Assays	-	-	4,284	-	-	4,284
Drilling	-	-	532,983	-	-	532,983
Geophysics	-	-	348,722	-	-	348,722
Office	3,087	1,544	51,202	2,058	-	57,891
Professional fees	19,442	7,863	241,315	10,485	-	279,105
Property maintenance payments	-	-	17,618	-	2,031	19,649
Salaries and contractors (Note 11)	38,410	19,205	1,046,064	25,675	-	1,129,354
Social and community	-	-	126	-	-	126
Supplies and equipment	5,886	-	31,390	-	-	37,276
Transportation	-	-	76,045	587	-	76,632
Statutory taxes	1,788	765	175,788	1,051	54	179,446
Travel costs	-	-	37,373	507	-	37,880
	68,613	29,377	2,562,910	40,363	2,085	2,703,348
Cumulative exploration expenses						
December 31, 2025	3,438,480	957,147	31,821,349	574,223	104,814	36,896,013
	Argentina					Total
	Incahuasi	Antofalla	Rincon West	Pocitos	Other	\$
	\$	\$	\$	\$	\$	\$
Cumulative exploration expenses						
December 31, 2023	2,989,454	528,849	12,055,947	301,876	81,921	15,958,047
Expenditures during the year:						
Assays	-	-	49,904	4,064	-	53,968
Drilling	-	-	9,878,735	-	-	9,878,735
Geophysics	143,589	174,565	454,084	12,935	18,360	803,533
Office	59,309	29,790	887,775	39,646	-	1,016,520
Professional fees	30,834	15,417	447,093	20,556	-	513,900
Property maintenance payments	6,169	16,604	141,068	887	-	164,728
Salaries and contractors (Note 11)	95,684	101,199	2,159,320	71,929	-	2,428,132
Social and community	3,816	1,049	3,910	3,515	1,964	14,254
Supplies and equipment	8,796	10,715	128,809	2,687	-	151,007
Transportation	17,988	15,577	262,711	6,204	-	302,480
Statutory taxes	8,843	9,273	2,426,196	5,393	484	2,450,189
Travel costs	5,385	24,732	362,887	64,168	-	457,172
	380,413	398,921	17,202,492	231,984	20,808	18,234,618
Cumulative exploration expenses						
December 31, 2024	3,369,867	927,770	29,258,439	533,860	102,729	34,192,665

Argentina Lithium & Energy Corp.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

a) Incahuasi Lithium Project

The Company owns a 100% interest in the Incahuasi lithium brine project totalling 25,000 ha, located in the Catamarca Province, Argentina.

b) Antofalla North Lithium Project

Pipo-Alcalina V Property

The Company owns a 100% interest in the three additional properties totaling 5,380 hectares situated adjacent to the Company's 9,080 hectares of 100% held claims on the Salar de Antofalla. On July 7, 2021, the Company entered into an option agreement with Trendix Mining ("Trendix") to earn a 100% interest. Terms included staged payments over four years totaling US\$4,000,000, and total exploration expenditures of US\$7,000,000. The Company paid the remaining option payments to obtain a 100% interest in the Optioned Properties during the year ended December 31, 2023. The vendors retain a 2% Net Smelter Royalty ("NSR") which Argentina Lithium has the ability to repurchase for US\$5,000,000.

Amelia Option

On March 31, 2022, the Company entered into an option agreement to acquire a 100% interest in three granted mine concession properties totalling 5,411 hectares in the Salar de Antofalla in Catamarca Province, Argentina. Terms of the option include cash payments totalling US\$2,800,000 over five years, including mandatory commitments totalling US\$580,000. The option also includes mandatory annual exploration expenditure commitments of US\$2,000,000 during the year ending December 31, 2026 and US\$4,000,000 during the year ending December 31, 2027. The vendor retains a 2% NSR which can be repurchased for US\$3,000,000.

On March 10, 2025, the Company entered into an amending agreement, extending the due date of the cash payments of US\$400,000 to December 31, 2025, US\$500,000 to June 30, 2026, US\$600,000 by December 31, 2026 and US\$620,000 to June 30, 2027. In consideration for the initial extension, the Company incurred an extension fee of US\$100,000, settled through the issuance of 2,396,000 common shares at a price of \$0.06 per share.

Option Payments	Extension fee paid by the issuance of shares valued at	Year
US\$	\$	
80,000 (paid)	-	2022
300,000 (paid)	-	2023
300,000 (paid)	-	2024
-	143,760	2025
400,000 (mandatory) ⁽¹⁾	-	2026
1,100,000	-	2026
620,000	-	2027
2,800,000	143,760	

(1) See also Note 19.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Volcan Option

On August 5, 2022, the Company entered into an option agreement to acquire a 100% interest in a single mine concession property measuring 843.5 hectares in the Salar de Antofalla in Catamarca Province, Argentina. Terms of the Volcan option include cash payments totaling US\$590,000 paid over four years, including the obligatory payment of US\$40,000 at the time of signing. The vendor retains a 1% NSR which can be repurchased for US\$1,300,000.

Option Payment US\$	Year
40,000 (paid)	2022
100,000 (paid)	2023
200,000 (paid)	2024
250,000	2026
590,000	

Lexi Property

The Company owns a 100% interest in a single mining concession on the Antofalla Salar, wholly within the Catamarca mining registry. The Company entered into an option agreement to acquire 100% interest. Terms of the Lexi-30 option specified two cash payments totaling US\$425,000, including an initial payment of US\$50,000, and an optional final payment of US\$375,000, payable at up to 12 months. The Company paid the remaining option payments to obtain a 100% interest in the Lexi project during the year ended December 31, 2024. The vendor retains a 2% NSR. In the instance that the vendor wishes to transfer or sell the NSR, the Company has the right to match the terms of NSR transference or sale.

c) Pocitos Project

Rincon-Pocitos Property

The Company owns a 100% interest in the 2,370-hectare Rincon West and 15,857-hectare Pocitos projects in Salta Province, Argentina. On October 8, 2021, the Company entered into a definitive agreement with a private vendor to acquire 100% interest. Terms included issuance of 750,000 shares in the Company to the vendor on signing plus \$500,000 worth of shares over a 12-month period; and cash payments totaling US\$4,200,000 over 36 months. The Company paid the remaining option payments to obtain a 100% interest in the Rincon West and Pocitos projects during the year ended December 31, 2023.

El Pidio GIII Option

On January 3, 2022, the Company entered into an option agreement to acquire 100% interest in the 1,602 hectare property in the southeast of Pocitos Basin. Terms of the option include issuance of 25,000 shares in the Company to the vendor on signing plus \$70,000 worth of shares over the subsequent three years including mandatory issuances valued at \$25,000 over the first 18 months, and cash payments totaling US\$165,000 over three years including a mandatory total of US\$30,000 over the first 18 months. The number of shares to be issued are calculated based on the discounted market price of \$0.30 per share on the TSX-V on January 7, 2022. During the year ended December 31, 2024, the Company determined that it would not be exploring the El Pidio property further based on the exploration work done to the end of the year, and impaired \$141,191 in acquisition costs.

Argentina Lithium & Energy Corp.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Option Payments	Shares to be issued valued at	Number of shares to be issued	Year
US\$	\$	#	
10,000 (paid)	11,500 (issued)	25,000 (issued)	2022
20,000 (paid)	25,000 (issued)	83,334 (issued)	2023
35,000 (paid)	20,000 (issued)	66,667 (issued)	2024
100,000 (not paid)	25,000 (not issued)	83,333 (not issued)	2025
165,000	81,500	258,334	

Aguamarga Option

On January 3, 2022, the Company entered into an option agreement to acquire 100% interest in the 7,000 hectare Aguamarga 11 and Aguamarga 16 properties in the east flank of Pocitos Basin. Terms of the option include issuance of 168,000 shares in the Company to the vendor on signing plus \$651,000 worth of shares over the subsequent three years including mandatory issuances valued at \$126,000 over the first 12 months, and cash payments totaling US\$1,890,000 over three years including a mandatory total of US\$105,000 over the first 12 months. The number of shares to be issued are calculated based on the discounted market price of \$0.30 per share on the TSX-V on January 7, 2022. During the year ended December 31, 2024, the Company determined that it would not be exploring the Aguamarga property further based on the exploration work done to the end of the year, and impaired \$1,245,934 in acquisition costs.

Option Payments	Shares to be issued valued at	Number of shares to be issued	Year
US\$	\$	#	
42,000 (paid)	77,280 (issued)	168,000 (issued)	2022
168,000 (paid)	126,000 (issued)	420,000 (issued)	2023
420,000 (paid)	210,000 (issued)	700,000 (issued)	2024
1,260,000 (not paid)	315,000 (not issued)	1,050,000 (not issued)	2025
1,890,000	728,280	2,338,000	

Ramos Property

The Company owns a 100% interest in five additional properties totaling 1,762 hectares at the Pocitos Salar (the "Ramos Properties"). On January 6, 2022, the Company entered into an option agreement to acquire 100% interest. Terms of the option include mandatory payments totaling US\$150,000 in the first year, followed by US\$550,000 over two years after signing. The Company paid US\$50,000 of the option payment due at signature. The vendor retains a 1% Net Smelter Royalty ("NSR") which can be purchased by the Company for US\$500,000. The Company paid the remaining option payments to obtain a 100% interest in the Ramos project during the year ended December 31, 2024.

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4. EXPLORATION AND EVALUATION ASSETS (continued)

d) Rincon West Project

Rinconcita II Property

The Company owns a 100% interest in the Rinconcita II mining concession area (“Rinconcita II”) located on the Salar de Rincon in Salta Province, Argentina covering 460.5 hectares adjacent to and east of the Company’s Rincon West property. On August 17, 2022, the Company entered into a contract with a provincially-owned company Recursos Energéticos y Mineros Salta S.A. (“REMSA”) to acquire 100% interest. Terms of contract include payment of 3% Net Smelter Return (“NSR”) of mineral and refined products sourced from Rinconcita II over its production life if it advances to the production stage. The Company paid US\$2,500,000 due on signing. The Company has met its exploration commitment for US\$2,560,558 that includes environmental permitting, ground geophysics, and exploratory drilling, within twelve months from the date of approval of the environmental impact report.

Paso de Sico Option

On September 20, 2022, the Company entered into an option agreement to acquire a 100% interest in four contiguous mine concession properties totalling 791.3 hectares in the Salar de Rincon, Argentina.. The option includes annual exploration expenditure commitments of US\$300,000 in year one, followed by US\$800,000 in year two, and US\$1,200,000 in year three that comes into effect following the receipt of exploration permits which was approved on October 25, 2024. The vendor retains a 3% Net Smelter Royalty which can be repurchased for US\$1,500,000.

On March 25, 2025, the Company entered into an amending agreement, extending the due date of the final cash payment of US\$418,000 from March 31, 2025 to September 30, 2025, which was subsequently extended to March 17, 2026. In consideration for the initial extension, the Company incurred an extension fee of US\$41,800, settled through the issuance of 995,954 common shares at a price of \$0.06 per share. See also Note 19.

Option Payments	Extension fee paid by the issuance of shares valued at	Year
US\$	\$	
100,000 (paid)	-	2022
600,000 (paid)	-	2023
400,000 (paid)	-	2024
-	59,757	2025
418,000	-	2026
1,518,000	59,757	

Don Fermin Option

On June 15, 2023 the Company entered into an option agreement to acquire 100% interest in concession located on the eastern flank of the Salar de Rincon, approximately 19 km east of the Rincon West property block. Terms of the option include cash payments totaling US\$2,750,000 over 18 months, including an initial payment of US\$250,000. The Company can advance the dates of the subsequent four payments at its discretion. The vendor retains a 1.5% NSR which can be repurchased for US\$4,000,000.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Option Payment US\$	Year
750,000 (paid)	2023
750,000 (paid)	2024
1,000,000 (paid)	2024
250,000 (not paid)	2025
2,750,000	

On April 7, 2025, a mining court in Argentina issued a ruling to terminate the mining license for the Don Fermin properties on the grounds that the previous owners, who sold the rights to the Company, had not demonstrated that they carried out adequate exploration work as required by the permit. The Company disputes the arguments contained in the ruling and will appeal the decision. The Company impaired \$3,402,350 in acquisition costs for Don Fermin as of December 31, 2024. The Company continues to wait for the conclusion to the appeal process as at December 31, 2025.

e) Fierro Property, Rio Negro Province, Argentina

The Company owns a 100% interest in the Fierro property in the Province of Rio Negro, Argentina.

On August 7, 2024, the Company entered into an option agreement with Aridos Lomada Grande S.A. ("Aridos") to sell its 100% interest in the Fierro property. Aridos can purchase the Fierro property for US\$210,000, including a mandatory signing payment of \$27,254 (US\$20,000) that was received during the year ended December 31, 2024. The Company retains a NSR with a maximum total royalty of US\$450,000 receivable in annual instalments of \$50,000. Option income was \$262,113 for the year ended December 31, 2025 (December 31, 2024 – \$27,254).

5. INVESTMENTS

During the year ended December 31, 2025, the Company entered into a further agreement with AGV pursuant to which the Company agreed to take back a promissory note that had been sold to AGV in the prior year. It was determined that the promissory note was associated with an investment that was experiencing financial difficulties and that recovery through repayment was no longer expected as initially contemplated when sold to AGV in the prior year. As a result, the Company and AGV agreed that the Company would take back the promissory note and add its original carrying value of US\$1,000,000 (\$1,370,600) to form part of the outstanding loan balance payable to AGV (Note 6). Accordingly, a portion of the increase in the loan payable to AGV did not arise from the receipt of additional cash, but rather from the consideration attributed to the repurchase amount of the promissory note following its reassignment to the Company, which was agreed upon in conjunction with the Company further drawing upon its loans payable from AGV.

During the year ended December 31, 2023, the Company invested ARS\$363,500,000 in a promissory note that could be redeemed for the equivalent number of Argentine Pesos at the official exchange rate to US\$1 million at maturity in March 2025. At December 31, 2023, the Company revalued the investment based on US\$1,000,000 being equivalent to ARS\$809,920,392 at the official exchange rate. During the year ended December 31, 2024, the Company sold the promissory note to AGV at a discount and received ARS\$873,200,219. The Company recorded a loss on the sale of \$104,443 because of the discount. No interest was earned on the promissory note.

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6. LOANS PAYABLE

On December 23, 2024, the Company entered into a loan agreement with AGV Falcon Drilling SRL, an arm's length lender that also provided prepaid drilling services to the Company. Terms of the agreement include six cash instalments of principal amount totalling US\$3,000,000 over six months and is to be used for working capital purposes and bears interest of US\$235,000.

During the year ended December 31, 2025, the Company borrowed \$3,812,510 (2024 - \$435,127), which accrued interest of \$287,507 (2024 - \$40,976), and had a foreign exchange gain of \$39,448 (2024 - \$Nil). The Company did not repay the loan in cash and instead settled the loan by using the prepaid drilling meters during the year ended December 31, 2025. For every US\$100,000 of the principal balance, 172.5 meters of diamond drilling and 60 meters of rotary drilling were discounted from prepaid expenses, resulting in the recognition of a loss of \$18,769,464 (see also Note 3).

On December 24, 2025, the Company entered into an amending agreement with AGV. Revised terms of the agreement granted the Company a right to an exclusive, irrevocable option to repurchase the deducted meters within 180 calendar days of each funded maturity for US\$3,235,000, through repayment of the amount previously owed, at a rate of 6% compounded semi-annually in US dollars. In the event of non-exercise, a further pro-rata reduction of 310.5 meters of diamond drilling and 108 meters of rotary drilling equivalent to \$1,398,368 will be discounted from the Company's prepaid drilling meters. See also Note 19.

The schedule below summarizes the principal balance of the loan and the repayment amount including interest.

Loan date	Loan Amount US\$	Repayment date	Repayment amount US\$
December 28, 2024	300,000 (received)	October 10, 2025	330,000
January 25, 2025	400,000 (received)	October 20, 2025	436,000
February 25, 2025	400,000 (received) ⁽¹⁾	October 30, 2025	432,000
March 25, 2025	900,000 (received) ⁽¹⁾	November 20, 2025	972,000
April 25, 2025	500,000 (received)	October 11, 2025	535,000
May 25, 2025	500,000 (received)	November 30, 2025	530,000
	3,000,000		3,235,000

(1) The Company received a US\$1,000,000 promissory note and US\$300,000 in cash in exchange for an aggregate of US\$1,300,000, which represents the third and fourth loan instalments.

The continuity of loans payable for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025 \$	2024 \$
Loans and interest payable, beginning of year	476,103	-
Loan proceeds received in cash	2,441,910	435,127
Loan proceeds received in promissory note	1,370,600	-
Interest accrued	287,507	40,976
Effect of foreign exchange	(39,448)	-
Prepaid deposit applied against loans payable	(4,536,672)	-
Loans and interest payable, end of year	-	476,103

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7. CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2025

There were no shares issued for private placement during the year ended December 31, 2025. See also Note 19.

Details of Issues of Common Shares in 2024

There were no shares issued for private placement during the year ended December 31, 2024.

Details of other Common Share Issuances

During the year ended December 31, 2025, the Company issued 3,391,954 shares with a fair value of \$203,517 for mineral property option payments (December 31, 2024 – 766,667 shares for mineral property option payments with a fair value of \$230,000, see also Note 4); and there were no warrant exercises during the year ended December 31, 2025 (December 31, 2024 – 2,250,000 shares from the exercise of 2,250,000 warrants for gross proceeds of \$337,500).

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers for a maximum term of ten years. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V. Share purchase options granted generally vest immediately and are subject to a four-month hold period and are generally exercisable for a period of up to five years.

The continuity of share purchase options for the year ended December 31, 2025 is as follows:

Expiry date	Exercise Price	December 31, 2024	Granted	Expired	December 31, 2025	Options exercisable
July 9, 2026	\$0.20	2,650,000	-	-	2,650,000	2,650,000
September 3, 2026	\$0.18	225,000	-	-	225,000	225,000
December 8, 2027	\$0.35	8,016,000	-	-	8,016,000	8,016,000
January 13, 2028	\$0.35	300,000	-	-	300,000	300,000
May 8, 2028	\$0.30	150,000	-	-	150,000	150,000
		11,341,000	-	-	11,341,000	11,341,000
Weighted average exercise price (\$)		0.31	-	-	0.31	0.31
Weighted average contractual remaining life (years)		2.59	-	-	1.59	1.59

Argentina Lithium & Energy Corp.

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7. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2024 is as follows:

Expiry date	Exercise Price	December 31, 2023	Granted	Expired	December 31, 2024	Options exercisable
July 9, 2026	\$0.20	2,650,000	-	-	2,650,000	2,650,000
September 3, 2026	\$0.18	225,000	-	-	225,000	225,000
December 8, 2027	\$0.35	8,016,000	-	-	8,016,000	8,016,000
January 13, 2028	\$0.35	300,000	-	-	300,000	300,000
May 8, 2028	\$0.30	150,000	-	-	150,000	150,000
		11,341,000	-	-	11,341,000	11,341,000
Weighted average exercise price (\$)		0.31	-	-	0.31	0.31
Weighted average contractual remaining life (years)		3.59	-	-	2.59	2.59

Warrants

The continuity of warrants for the year ended December 31, 2025 is as follows:

Expiry date	Exercise Price	December 31, 2024	Exercised	Expired	December 31, 2025
August 11, 2027	\$0.38	6,215,000	-	-	6,215,000
August 25, 2027	\$0.38	10,415,000	-	-	10,415,000
November 21, 2027	\$0.40	35,767,948	-	-	35,767,948
		52,397,948	-	-	52,397,948
Weighted average exercise price (\$)		0.39	-	-	0.39
Weighted average contractual remaining life (years)		2.82	-	-	1.82

The continuity of warrants for the year ended December 31, 2024 is as follows:

Expiry date	Exercise Price	December 31, 2023	Exercised	Expired	December 31, 2024
April 14, 2024	\$0.15	4,250,000	(2,250,000)	(2,000,000)	-
November 10, 2024	\$0.70	6,288,047	-	(6,288,047)	-
November 29, 2024	\$0.70	5,098,767	-	(5,098,767)	-
December 10, 2024	\$0.70	2,437,635	-	(2,437,635)	-
August 11, 2027	\$0.38	6,396,300	-	(181,300)	6,215,000
August 25, 2027	\$0.38	10,415,000	-	-	10,415,000
November 21, 2027	\$0.40	35,856,988	-	(89,040)	35,767,948
		70,742,737	(2,250,000)	(16,094,789)	52,397,948
Weighted average exercise price (\$)		0.44	0.15	0.63	0.39
Weighted average contractual remaining life (years)		0.81	-	-	2.82

Argentina Lithium & Energy Corp.

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8. STELLANTIS N.V. TRANSACTION

On September 26, 2023, the Company entered into a definitive agreement (the “Investment Agreement”) with Peugeot Citroen Argentina S.A., a subsidiary of Stellantis N.V. (“Stellantis”) for an investment in Argentina in exchange (the “Transaction”) for issuing shares equal to a 19.9% common share ownership interest (the “ALE shares”) in the Company’s subsidiary, Argentina Litio Y Energia S.A (“ALE”). On October 4, 2023, ALE received approximately ARS\$31.5 billion that was equivalent to US\$90 million at the official exchange rate and recognised the investment as a non-controlling interest. The proceeds of the Transaction were used to advance development of the Company’s lithium projects held through its wholly owned subsidiary in Argentina, and for general corporate purposes.

At closing of the Transaction, Argentina Lithium and Stellantis entered into an exchange agreement (the “Exchange Agreement”). Under the Exchange Agreement, Argentina Lithium grants Stellantis an irrevocable right (the “Exchange Right”) to exchange all of the ALE Shares then held by Stellantis for such number of Common Shares equaling 24.844% of (i) the outstanding Common Shares (on an undiluted basis) as of the date of the Exchange Agreement and (ii) Common Shares issued by Argentina Lithium (between the date of the Exchange Agreement and the date Stellantis exercises the Exchange Right) upon the exercise of warrants, stock options or other securities convertible or exchangeable into Common Shares existing as of the date of the Exchange Agreement (together, the “Exchange Shares”), subject to certain exchange conditions. Following the issuance of Exchange Shares, Stellantis will own at most 19.9% of the Common Shares (on an undiluted basis). In addition, Argentina Lithium will grant Stellantis an irrevocable right (the “Top-Up Right”) to subscribe for additional Common Shares (the “Additional Shares”) if necessary for Stellantis to achieve a 19.9% interest in the Common Shares (on an undiluted basis). Any Additional Shares Stellantis elects to purchase pursuant to the Top-Up Right will be issued at the maximum discounted market price permitted under the rules and policies of the TSXV, unless the Top-Up Right is exercised after an acquisition of Argentina Lithium, in which case the subscription price under the Top-Up Right will be the pre-announcement market price of shares of Argentina Lithium. A provision for the Top-Up Right has not been recognised in the consolidated financial statements as a reliable estimate of the additional shares cannot be made as at December 31, 2025 and 2024.

The Company has classified the options and warrants outstanding and not exercised as part of the Exchange Shares, which if exercised, allow Stellantis to obtain a relative 24.844% of the shares to maintain their exchange right to further consideration as a derivative liability. The derivative liability is based on the stock options and warrants outstanding as of the date of the agreement, based on the estimated fair value of this right using a Black-Scholes valuation model. As at December 31, 2025, the Company revalued this right at an estimate fair value of \$1,060,280 (December 31, 2024 - \$876,684). For the year ended December 31, 2025, the Company recorded a \$183,596 fair value adjustment (December 31, 2024 - \$3,337,993) and \$Nil was reclassified to obligation to issue shares (December 31, 2024 - \$149,490) in the consolidated statement of changes in equity for options and warrants exercised during the period to which Stellantis would be entitled to additional shares if the Exchange Right is exercised. The gain on fair value adjustment of the derivative liability was primarily as a result of the decrease in the expected security life in years as at the valuation date offset by an increase in share price. The following are the inputs used to estimate the fair value of the top up rights pertaining to the stock options and warrants outstanding as at December 31, 2025 and December 31, 2024:

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8. STELLANTIS N.V. TRANSACTION (continued)

	As at	
	December 31, 2025	December 31, 2024
Risk-free interest rate	2.55%	2.92%
Expected security life in years	1.77	2.77
Expected share price volatility ⁽¹⁾	89,57%	85.42%
Measurement date share price	\$0.15	\$0.115
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Any issuance of Additional Shares will be subject to the prior approval of the TSXV. Stellantis will not have the right under the Exchange Right and the Top-Up Right to acquire more than 19.9% of the outstanding Common Shares following the issuance of Exchange Shares and Additional Shares, if any. The Exchange Agreement also provides Stellantis with observer rights to attend board meetings of Argentina Lithium for as long as Stellantis owns at least 10% of the issued and outstanding ALE Shares.

During the year ended December 31, 2023, Argentina Lithium and Stellantis entered into a Lithium Offtake Agreement (the "Offtake Agreement"). Under the Offtake Agreement, ALE has agreed to sell to Stellantis, and Stellantis has agreed to purchase from ALE up to 15,000 tonnes per annum of lithium produced by ALE over a seven-year period (the "Supply Obligation") subject to the terms and conditions set out in the Offtake Agreement. After the initial seven-year term, the Offtake Agreement may be extended by mutual agreement for an additional number of years. The price of lithium products sold by ALE under the Offtake Agreement will be based on an agreed market-based price formula at the time of each shipment. The commencement of the Supply Obligation of ALE is conditional on the successful start of commercial production at one or more of its projects. The Offtake Agreement also contains certain product qualification, certification and reporting requirements and provides Stellantis with a right to acquire any production prior to the commencement of the Supply Obligation and a right of first refusal on the sale to third parties of any lithium products (in excess of the Supply Obligation) after the commencement of commercial production.

The Company, ALE and Stellantis entered into a Shareholders' Agreement (the "Shareholders' Agreement") relating to ALE and Stellantis' ownership of ALE Shares and provides for the following principal terms:

- right of Stellantis to nominate one director to the board of directors of ALE ("Stellantis Director") for as long as Stellantis has an ownership position of not less than 10% of the issued and outstanding ALE Shares;
- certain corporate decisions of ALE may not be undertaken without the affirmative vote the Stellantis Director or the approval by shareholders holding more than 90% of the issued and outstanding ALE Shares;
- right of each shareholder to maintain its ownership percentage in any equity offerings by ALE;
- transfer restrictions including, rights of first refusal, drag-along and tag-along rights;
- right of first offer for Stellantis to provide project financing and any other borrowing by ALE; and
- other terms and conditions consistent with a transaction of this nature.

In addition, upon exercise of the Exchange Right, Argentina Lithium will enter into an Investor Rights Agreement with Stellantis (the "Stellantis IRA"). The Stellantis IRA provides for the following principal terms in favour of Stellantis:

- a right to nominate one director to the board of directors of Argentina Lithium for as long as Stellantis has an ownership position of not less than 10% of the issued and outstanding Common Shares;

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8. STELLANTIS N.V. TRANSACTION (continued)

- pre-emptive right to maintain ownership percentage in certain follow-on issuances of Common Shares or securities convertible into Common Shares; and
- other terms and conditions consistent with a transaction of this nature.

Contingent Share Premium

In the event that ALE meets all, and not less than all, of the three conditions stated for any of the scenarios described in the following table, Stellantis will pay additional consideration (the “Contingent Share Premium”) for which the Company qualifies listed in the second row of the table, with the payment to occur at the time of the Commercial Production (as described in the table) listed in the second row of the table. The Company will only be entitled to receive the Contingent Share Premium in respect of one, and not more than one, of the Scenarios described in the table. If conditions for multiple Scenarios are met by the Company, then the Company will be entitled only to the receive the largest Contingent Share Premium for which it qualifies.

	Scenario 1:	Scenario 2:	Scenario 3:
Conditions:	<ol style="list-style-type: none"> 1. NPV > US\$ 700M 2. Capacity > 30k T/y 3. Commercial Production: 2028 or 2029 	<ol style="list-style-type: none"> 1. NPV > US\$ 850M 2. Capacity > 40k T/y 3. Commercial Production: 2028 or 2029 	<ol style="list-style-type: none"> 1. NPV > US\$ 1 Billion 2. Capacity > 45k T/y 3. Commercial Production: 2029 or 2030
Contingent Share Premium	<ul style="list-style-type: none"> • If the first two conditions in Scenario 1 have been satisfied and Commercial Production occurs by December 31, 2028, then the Contingent Premium is US\$ 5,000,000. • If the first two conditions in Scenario 1 have been satisfied and Commercial Production occurs after December 31, 2028 but before December 31, 2029, then the Contingent Premium is US\$ 2,500,000. 	<ul style="list-style-type: none"> • If the first two conditions in Scenario 2 have been satisfied and Commercial Production occurs by December 31, 2028, then the Contingent Premium is US\$ 10,000,000. • If the first two conditions in Scenario 2 have been satisfied and Commercial Production occurs after December 31, 2028 but before December 31, 2029, then the Contingent Premium is US\$ 5,000,000. 	<ul style="list-style-type: none"> • If the first two conditions in Scenario 3 have been satisfied and Commercial Production occurs by December 31, 2029, then the Contingent Premium is US\$ 15,000,000. • If the first two conditions in Scenario 3 have been satisfied and Commercial Production occurs after December 31, 2029 but before December 31, 2030, then the Contingent Premium is US\$ 10,000,000.

“Capacity” means the ultimate productive capacity of one or more Projects’ plant(s), measured in finished tonnes of marketable lithium carbonate or lithium hydroxide per year, as supported by NI 43-101-compliant pre-feasibility studies or feasibility studies in respect of such Project(s).

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8. STELLANTIS N.V. TRANSACTION (continued)

“Commercial Production” means the first date, after the date hereof, on which a new mining and mineral processing operation not in existence or operation as of the date hereof, has: (a) produced marketable lithium carbonate or lithium hydroxide continuously for a period of 30 calendar days; and (b) reached an average production level over such 30-calendar day period that is greater than or equal to 60% of the production capacity of such mining and mineral processing operation as set out in the applicable NI 43-101-compliant pre-feasibility study or feasibility study therefore.

“NPV” means the net present value supported by NI 43-101-compliant pre-feasibility studies or feasibility studies in respect of one or more Projects. All NPV amounts applicable in this Agreement shall be calculated using a 12% discount rate.

The Contingent Share Premium is a contingent asset, and it has not been recognized in the Company’s consolidated statement of financial position as its realization is not virtually certain.

The Company has therefore recorded a non-controlling interest in the consolidated financial statements. The NCI in the net assets of ALE is identified separately from Company’s equity. The NCI includes the amount of those interests at the date of the original transaction with Stellantis and the NCI’s share of changes in equity since the date of the transaction.

The following is the summarized fair value financial information for ALE before intra-group eliminations used to compute the fair value of the NCI.

Summarized statement of financial position	December 31, 2025	December 31, 2024
	\$	\$
Current assets	117,611	8,009,875
Current liabilities	(1,190,194)	(1,247,549)
Current net assets	(1,072,583)	6,762,326
Non-current assets	34,169,130	49,465,917
Non-current liabilities	(15,690,685)	(15,720,903)
Non-current net assets	18,478,445	33,745,014
Net assets	17,405,862	40,507,340
Accumulated non-controlling interest	3,463,767	8,060,961
Summarized statement of loss and comprehensive loss	December 31, 2025	December 31, 2024
Total loss and comprehensive loss for the year	(23,101,478)	(22,017,803)
Loss allocated to non-controlling interest for the year	(4,597,194)	(4,381,543)

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9. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the year ended December 31, 2025 and 2024 were based on the following:

	Year ended December 31,	
	2025	2024
Loss attributable to common shareholders (\$)	20,162,860	17,628,614
Weighted average number of common shares outstanding	135,299,440	133,573,722

Diluted loss per share did not include the effect of 11,341,000 (2024 – 11,341,000) share purchase options and 52,397,948 (2024 – 52,397,948) warrants as the effect would be anti-dilutive.

10. MARKETABLE SECURITIES

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiaries. The Company does not acquire marketable securities and engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well-established companies with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over several days, some fluctuations are unavoidable. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss. The subsequent disposition of these marketable securities in exchange for Argentine Pesos gave rise to a gain as the amount received in Argentine peso exceeds the amount of Argentine peso the Company would have received from a direct foreign currency exchange. Similarly, a loss is realized on exchange of securities from Argentine Pesos to USD.

During the year ended December 31, 2025, the Company did not acquire and transfer any marketable securities and realized a gain of \$Nil (December 31, 2024 – \$694,788) as a result of a change in value of its marketable securities investments.

11. RELATED PARTY BALANCES AND TRANSACTIONS

Grosso Group Management Ltd.

On October 1, 2016, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. Grosso Group is owned by Joseph Grosso. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expires on December 31, 2026 and will be automatically renewed for a period of two years pursuant to the terms of the Agreement.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes six months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

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11. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Year ended December 31,	
	2025	2024
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	60,000	309,000
Office & sundry	9,000	30,000
Total for services rendered	69,000	339,000

Key management personnel compensation

Key management personnel of the Company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Vice President of Corporate Development.

Transactions	Year ended December 31,	
	2025	2024
	\$	\$
Consulting fees paid to key management and directors or their consulting corporations:		
Niko Cacos President/CEO and Director	204,531	198,987
Darren Urquhart CFO	62,775	70,642
Martin Burian Director	16,000	16,000
Joseph Grosso Director	191,508	187,020
John Gammon Director	8,364	12,000
David Terry Director/Consultant	60,000	60,000
Miles Rideout ⁽¹⁾ VP Exploration	162,805	222,632
Pompeyo Gallardo VP Corporate Development	84,000	58,000
Total for services rendered	789,983	825,281

(1) Fees are included in exploration expenditures as part of salaries and contractors. See also Note 4.

Balances	December 31, 2025	December 31, 2024
	\$	\$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	117,545	26,912
Payable to Grosso Group Management Ltd. ⁽²⁾	220,193	169,160
Payable to Oxbow International Marketing Ltd. ⁽²⁾	218,872	83,316
Payable to Miles Rideout	159,606	73,168
Payable to Martin Burian	16,000	12,600
Payable to Nikolaos Cacos	170,443	53,522
Payable to Darren Urquhart	50,719	18,543
Payable to David Terry	50,110	15,750
Payable to Pompeyo Gallardo	71,190	23,730
Total for amounts payable to related parties	1,074,678	476,701

(1) A company related through common directors that receives reimbursement for shared office costs, management fees and overhead.

(2) A company owned by Joseph Grosso of Argentina Lithium & Energy Corporation.

Balances are unsecured, non-interest bearing and has no specific terms of repayment.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

11. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at December 31, 2025, there was \$152,799 (2024 – \$Nil) in accounts receivable for costs owed from related corporations Golden Arrow Resources Corp., and Blue Sky Uranium Corp., for shared services paid by the Company. These entities have common directors, namely Joseph Grosso, Nikolaos Cacos, David Terry, and Martin Burian.

During the year ended December 31, 2025, the Company recovered \$63,529 (2024 - \$204,466) in share service fees received from Golden Arrow Resources Corp., and \$170,085 (2024 - \$Nil) in share services fees received from Blue Sky Uranium Corp., which has been recorded in exploration, see also Note 4.

12. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	2025	2024
	\$	\$
Loss before income taxes	<u>(24,760,054)</u>	<u>(22,010,157)</u>
Income tax recovery at statutory rate	(6,685,215)	(5,942,743)
Permanent differences	49,659	(1,086,127)
Rate differential and other	172,967	622,036
Foreign exchange movement and true-up	760,460	3,445,682
Change in unrecognized tax benefits	<u>5,702,130</u>	<u>2,961,151</u>
Income tax recovery	<u>-</u>	<u>-</u>
Statutory tax rate	<u>27.00%</u>	<u>27.00%</u>

Temporary Differences Not Recognized

The Company has unrecognized deductible temporary differences aggregating \$168,654,000 (2024 - \$147,535,000), noted below that are available to offset future taxable income. The potential benefit of these deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the temporary differences to be recovered.

	December 31, 2025	Expiry dates	December 31, 2024
Non-capital losses	\$23,194,000	2026 – 2045	\$21,656,000
Resource deductions	\$140,576,000	No expiry	\$120,932,000
Capital loss	\$4,872,000	No expiry	\$4,872,000
Financing costs	\$12,000	2025-2026	\$75,000
Total	<u>\$168,654,000</u>		<u>\$147,535,000</u>

At December 31, 2025, the Company has accumulated non-capital losses in Canada aggregating \$23,064,247 (2024 – \$21,526,336) which expire over the period between 2026 and 2045, available to offset future taxable income in Canada.

At December 31, 2025, the Company has accumulated non-capital loss carry forward in Argentina aggregating \$Nil (2024 – \$Nil), available to offset future taxable income in Argentina. The Company has available resource deductions in Argentina of approximately \$137,649,221 (2024 – \$118,004,459).

Argentina Lithium & Energy Corp.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

13. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in the Americas and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the year ended December 31, 2025 and the year ended December 31, 2024.

The Company's total non-current assets are segmented geographically as follows:

	December 31, 2025	
	Argentina \$	Total \$
Exploration and evaluation assets	20,926,598	20,926,598
Equipment	53,665	53,665
Prepaid expenses	13,188,869	13,188,869
	34,169,132	34,169,132

	December 31, 2024	
	Argentina \$	Total \$
Exploration and evaluation assets	20,039,145	20,039,145
Equipment	61,948	61,948
Prepaid expenses	29,364,823	29,364,823
	49,465,916	49,465,916

14. COMMITMENTS

Exploration and Evaluation Assets

The Company has firm commitments and net smelter royalty requirements in relation to certain of its option agreements for exploration and evaluation assets, see Note 4.

Non-Controlling interest

The Company has commitments in relation to the Exchange Agreement and Offtake Agreement with its non-controlling interest, see Note 8.

Management Services Agreement

	1 Year \$	2 Years \$	3 Years \$	4-5 Years \$	More than 5 Years \$
Management Services Agreement	36,000	-	-	-	-

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is \$3,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

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14. COMMITMENTS (continued)

The Company has a consulting agreement with its Chairman of the Board (the “Chairman Agreement”). The termination provisions of the Chairman Agreement provide that a fee of 30 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Chairman would receive an amount equal to 30 months’ compensation. As of December 31, 2025, the Company would have to pay \$478,771 to the Chairman in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its President and CEO (the “CEO Agreement”). The termination provisions of the CEO Agreement provide that a fee of 30 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CEO would receive an amount equal to 30 months’ compensation. As of December 31, 2025, the Company would have to pay \$511,328 to the CEO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its CFO (the “CFO Agreement”). The termination provisions of the CFO Agreement provide that a fee of 24 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CFO would receive an amount equal to 24 months’ compensation. As of December 31, 2025, the Company would have to pay \$68,177 to the CFO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Corporate Secretary (the “Corporate Secretary Agreement”). The termination provisions of the Corporate Secretary Agreement provide that a fee of 24 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Corporate Secretary would receive an amount equal to 24 months’ compensation. As of December 31, 2025, the Company would have to pay \$81,812 to the Corporate Secretary in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its VP Exploration (the “VP Exploration Agreement”). The termination provisions of the VP Exploration Agreement provide that a fee of 3 months’ compensation based on the average of the previous 6 monthly fees be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the VP Exploration would receive an amount equal to 3 months’ compensation based on the average of the previous 6 monthly fees. As of December 31, 2025, the Company would have to pay \$34,419 to the VP Exploration in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Controller (the “Controller Agreement”). The termination provisions of the Controller Agreement provide that a fee of 12 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Controller would receive an amount equal to 12 months’ compensation. As of December 31, 2025, the Company would have to pay \$12,767 to the Controller in the event of termination without cause or certain conditions being met resulting from a change of control.

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15. CONTINGENCY

A former employee and consultant to the Company is claiming to be owed severance in Argentina. The former employee commenced legal action that has progressed from prejudicial to judicial status. The Company believes the amount of severance being claimed by the former employee and consultant is excessive and is disputing the amount. The actual amount of severance is still being negotiated and may be material to the Company. See also Note 19.

16. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31,	
	2025	2024
	\$	\$
Non-cash investing and financing activities:		
Prepaid deposit applied and forfeited against loan payable	23,306,136	-
Loss on acquisition of promissory note	1,370,600	-
Shares issued for property option	203,517	230,000
Cash and cash equivalents:		
Cash	28,123	311,107
Cash equivalents	113,767	198,334
Interest income received	42,914	47,181

17. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivables, investments, marketable securities, accounts payable and accrued liabilities, loans payable, interest payable, and derivative liability. The derivative liability is measured at fair value with reference to level 2 inputs within the fair value hierarchy.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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17. FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2025, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2025	Fair value December 31, 2025		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	141,890	141,890	-	-
Financial Liabilities				
Derivative liability	1,060,280	-	1,060,280 ⁽¹⁾	-

(1) The derivative liability is calculated using level 1 and level 2 inputs utilized in the Black-Scholes valuation model. A 5% change in the inputs would change the Company's net loss by approximately \$53,014.

At December 31, 2024, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2024	Fair value December 31, 2024		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	509,441	509,441	-	-
Financial Liabilities				
Derivative liability	876,684	-	876,684 ⁽¹⁾	-

(1) The derivative liability is calculated using level 1 and level 2 inputs utilized in the Black-Scholes valuation model. A 5% change in the inputs would change the Company's net loss by approximately \$27,990.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and accounts receivables. The Company has reduced its credit risk by depositing its cash and cash equivalents with financial institutions that operate globally.

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17. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and anticipates doing so again in the future. See Note 1 for further information.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings due to currency fluctuations in cash and cash equivalents and accounts payable usually denominated in US dollars and Argentina Pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have a significant impact on the Company's net loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$52,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$110,000.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk to the extent that the cash and cash equivalents, and investments, maintained at financial institutions is subject to a floating rate of interest.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the exploration of evaluation and exploration assets and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the Company's capital requirements, management has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop the project and anticipates doing so again in the future.

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds. Cash and cash equivalents held in Argentina as at December 31, 2025 and 2024 were subject to local exchange control regulations providing restrictions on the amount of cash that can leave the country.

Argentina Lithium & Energy Corp.

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17. FINANCIAL RISK MANAGEMENT (continued)

When the Company receives investments in Argentine Pesos, it will take steps to mitigate the foreign exchange losses that can occur in Argentina's hyperinflationary environment and currency exchange restrictions. These steps can include prepaying for planned exploration activities and property option payments that are due in future. See also Notes 3 and 4.

The Company is not subject to any external covenants, there were no changes in the Company's approach to capital management during the year ended December 31, 2025.

Additional information regarding capital management is disclosed in Note 1.

18. FOREIGN EXCHANGE

For the year ended December 31, 2025, the Company recorded a foreign exchange loss of \$13,146 (2024 – gain of \$535,057 from the appreciation of the United States dollar) in cash, cash equivalents and investments.

19. SUBSEQUENT EVENTS

Private placement

On March 10, 2026, the Company completed a brokered Listed Issuer Financing Exemption private placement consisting of 36,493,334 units at a price of \$0.12 per unit for gross proceeds of \$4,379,200 (the "Offering"). Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at \$0.16 per share for three years from the date of issue.

Red Cloud Securities Inc. ("Red Cloud") acted as lead agent and sole bookrunner on behalf of a syndicate of agents (the "Agents") in connection with the Offering. As consideration for their services in the Offering, Red Cloud received aggregate cash fees of \$289,044 and 2,408,700 non-transferable common share purchase warrants (the "Broker Warrants"). Each Broker Warrant is exercisable into one common share at \$0.12 at any time on or before March 10, 2029.

Antofalla North Lithium Project

The Company entered into an amending agreement for the Amelia option (see Note 4). Revised terms of the amended option agreement include a mandatory payment of US\$200,000 due by March 31, 2026, a non-mandatory payment of US\$500,000 due by September 30, 2026, a mandatory payment of US\$200,000 due by September 30, 2026, a non-mandatory payment of US\$600,000 due by March 31, 2027, and a non-mandatory payment of US\$620,000 due by September 30, 2027. The Company paid US\$200,000 of the option payment for Amelia option agreement that was due by March 31, 2026.

Rincon West Project

The Company entered into an amending agreement extending the due date of the final cash payment of US\$418,000 under the Paso de Sico option agreement to September 30, 2026 (see Note 4).

Resignation of Director

Subsequent to year end, a director of the Company resigned and entered into an agreement with the Company to receive \$5,000 per month for advisory services for a period of three years.

Argentina Lithium & Energy Corp.

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19. SUBSEQUENT EVENTS (continued)

Loans Payable

On April 23, 2026, the Company entered into a second amending agreement with AGV. Revised terms of the agreement grant the Company a right to an exclusive, irrevocable option to repurchase the deducted meters within 180 calendar days of each funded maturity for US\$3,429,100 through repayment of the amount previously owed, at a rate of 6% compounded semi-annually in US dollars. It is at the Company's option whether it pays the amount to exercise the option and repurchase the previously deducted meters. It is uncertain whether the Company will be able to repurchase the meters. In the event of non-exercise a pro-rata reduction of 329.10 meters of diamond drilling and 114.50 meters of rotary drilling equivalent to \$1,482,339 will be discounted from the Company's prepaid drilling meters.

Lanshen

On April 20, 2026, the Company entered into a non-binding Heads of Terms and Framework Agreement (the "Framework Agreement") with Xi'an Lanshen New Material Technology Co., Ltd. ("Lanshen"). The Framework Agreement establishes a staged pathway for the technical advancement, financing, and potential commercial development of the Company's Rincon West Lithium Brine Project in Salta Province, Argentina.

Under the Framework Agreement, Lanshen is proposed to earn up to a 30% equity interest in the Company's Argentine subsidiary, ALE, through staged contributions totaling up to approximately US\$100 million, structured across three development stages:

- **Stage 1** – Pilot-scale Direct Lithium Extraction ("DLE") brine testing, process validation, and engineering design in support of a Pre-Feasibility Study.
- **Stage 2** – Definitive Feasibility Study level engineering, environmental and permitting support, and NI 43-101 compliant technical studies.
- **Stage 3** – Contribution of approximately US\$95.9 million toward the engineering, procurement, and supply of a commercial-scale lithium processing facility designed to produce 5,000 tonnes per year of battery-grade lithium carbonate, on a turnkey basis.

The Framework Agreement contemplates the negotiation of definitive agreements and an amended and restated shareholders' agreement for ALE involving the Company, Lanshen, and Stellantis N.V., which currently holds a 19.9% interest in ALE. Completion of the proposed transaction remains subject to customary conditions including due diligence, TSX Venture Exchange acceptance, and applicable regulatory approvals in Canada and China.

As the Framework Agreement is non-binding, there is no assurance that definitive agreements will be executed or that the proposed transaction will be completed on the terms described or at all.

Lawsuit Against Certain Members of the Board and Management

In February 2026, the Company became aware of a complaint filed in federal court in Texas, USA regarding investment solicitation and corporate administration (the "Complaint") that names as defendants the Company's CEO and Chairman, and the management services company owned by the Chairman (the "Defendants"). The Company is not named as a defendant and is not a party to the Complaint. The Complaint was filed by two shareholders of the Company. The Defendants have advised the Company that they consider the Complaint to be entirely without merit. Legal counsel for the Defendants has filed motions to dismiss the Complaint. Although the Company is not a party to proceedings, it is monitoring the matter and is taking appropriate steps to safeguard its interests as necessary, including indemnifying the named parties.