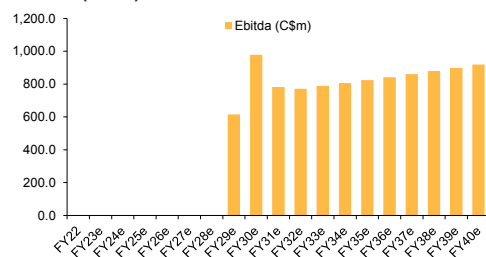


10 January 2023

Australia

EQUITIES

Ebitda (C\$m) for Corvette



Source: PMT, Macquarie Research, January 2023

PMT AU/PMET CN Outperform
 Price (at 00:29, 10 Jan 2023 GMT) A\$0.84/C\$7.75

Valuation	A\$ 1.20/C\$11.14
- DCF (WACC 13.0%, beta 1.6, ERP 5.0%, RFR 2.8%, TGR 2.6%)	
12-month target	A\$ 1.20/C\$11.10
12-month TSR	% +43/+43
Volatility Index	Very High
GICS sector	Materials
Market cap	A\$m 779
30-day avg turnover	A\$m 1.3
Number shares on issue	m 927.9

Investment fundamentals

Year end 31 Mar		2022A	2023E	2024E	2025E
Revenue	m	0.0	0.0	0.0	0.0
EBITDA	m	-4.2	-19.1	-16.4	-16.8
EBIT	m	-4.2	-19.1	-16.4	-16.8
Reported profit	m	-3.9	-17.3	-16.1	-16.5
Adjusted profit	m	-3.6	-17.3	-16.1	-16.5
Gross cashflow	m	-3.6	-17.3	-16.1	-16.5
CFPS	¢	-21.6	-16.6	-11.0	-10.5
CFPS growth	%	-127.6	23.3	33.9	4.4
EPS adj	¢	-21.6	-16.6	-11.0	-10.5
EPS adj growth	%	-127.6	23.3	33.9	4.4
PER rep	x	nmf	nmf	nmf	nmf
Total DPS	¢	0.0	0.0	0.0	0.0
Total div yield	%	0.0	0.0	0.0	0.0
ROA	%	-26.8	-49.0	-17.9	-8.6
ROE	%	-25.3	-54.2	-20.2	-9.0
EV/EBITDA	x	-6.3	-3.6	-4.9	-5.8
Net debt/equity	%	-49.0	-30.2	-60.4	-68.6

Source: FactSet, Macquarie Research, January 2023
 (all figures in CAD unless noted, TP in AUD)

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Patriot Battery Metals (PMT AU/PMET CN) Corvette's got class

Key points

- ▶ PMT's Corvette spodumene project in northern Québec is shaping up as one of the largest spodumene discoveries in the lithium industry.
- ▶ The company expects to release a maiden resource in March 2023, which we believe will exceed 100mt @ +1.0% Li₂O.
- ▶ We initiate coverage on PMT AU and PMET CN with Outperform ratings and set price targets of A\$1.20 and C\$11.10, respectively.

A world-class discovery

Patriot Battery Metals (PMT AU/PMET CN) owns the Corvette spodumene project in northern Québec in Canada. Exploration completed over the past two years has defined significant spodumene mineralisation, which we believe will ultimately deliver a maiden resource more than 100mt @ +1.0% Li₂O.

Exploration drilling will accelerate in 2023 with PMT adding two additional drill rigs to the three on site. The five drill rigs in total will look to test for depth extensions and undertake an infill drilling program to enable some of the maiden resource to be upgraded to the indicated category.

Our valuation for PMT is derived from a full development scenario of Corvette, which we base off a mining inventory of 136mt @ 1.13% Li₂O. Variances in our mining inventory vs the actual reserve and resource defined present the most significant risk to our base case valuation for PMT.

The delineation of a maiden resource presents a material near-term catalyst for PMT, and we expect the ultimate scale of the project to surprise on the upside. The company is listed on the ASX and TSX and we initiate coverage on PMT AU and PMET CN with Outperform ratings, setting price targets of A\$1.20 and C\$11.10, respectively.

Corvette a large-scale development

We assume a process plant throughput rate of 5.0mtpa, similar scale to Pilgangoora and Wodgina. The strip ratio is expected to be modest given the size of the outcrops at CV5, however we have assumed a gradual increase over the life of the project as the open pits get deeper. We assume a flat grade of 1.13% Li₂O, which translates to a spodumene production rate of 620ktpa based on the 5.0mtpa throughput and 70% recovery rate.

Our development scenario assumes pre-production capex of C\$750m and a life of mine AISC of US\$710/t. Should PMT be able to secure local downstream processing capacity within Québec we would expect total costs to be materially lower than our base case due to reduced transport requirements.

Strong regional exploration pedigree

The Corvette project consists of 417 mineral claims that cover an area of 21,375 hectares. Drilling to date has defined significant spodumene mineralisation over the 2.2km CV5 trend. Mineralisation has also been defined at separate outcropping pegmatites at CV13, CV8, CV9 and CV12. We note that the significant regional exploration potential at Corvette account for just 9% of our valuation for PMT.

Inside

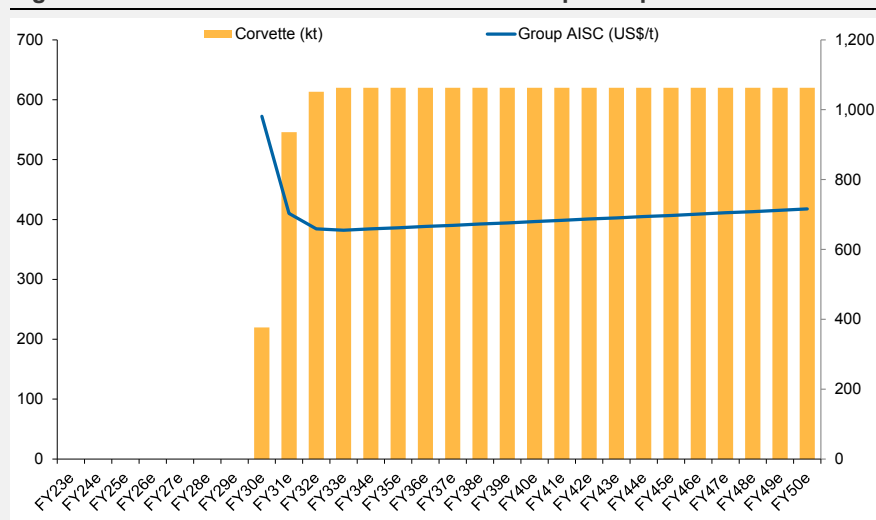
Six key charts	3
A world-class discovery	5
Corvette a large-scale development	7
Strong regional exploration pedigree	12
Board and Management	14
ESG Considerations	15

Patriot Battery Metals

Company profile

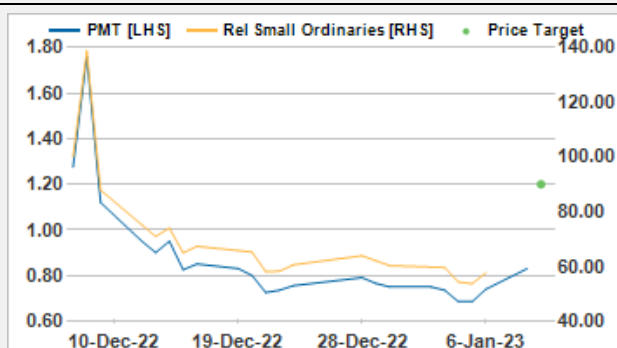
- Patriot Battery Metals (PMT/PMET) has a 100% interest in the Corvette lithium spodumene project in the James Bay region in Northern Québec, Canada. Early-stage exploration identified outcropping lithium-bearing pegmatites over a +25km strike length within the 213km² tenement package.
- Drill testing of the outcrops commenced in mid-2021, returning impressive intersections that defined spodumene and tantalum mineralisation over widths of +150m. A 20,000m program is nearing completing that will enable a maiden resource for the Corvette deposit to be released in 2023.
- We believe Corvette has the potential to underpin a significant spodumene project. Our mining inventory assumption of 136mt @ 1.13% Li₂O should enable PMT to develop an open-pit mine that could produce +600ktpa of spodumene concentrate once in full production. We note that as a resource has yet to be defined, the project is likely to be ~5 years from first production.

Fig 1 We believe Corvette could deliver +600ktpa of spodumene



Source: PMT, Macquarie Research, January 2023

Fig 2 PMT AU rel Small Ordinaries performance, & rec history



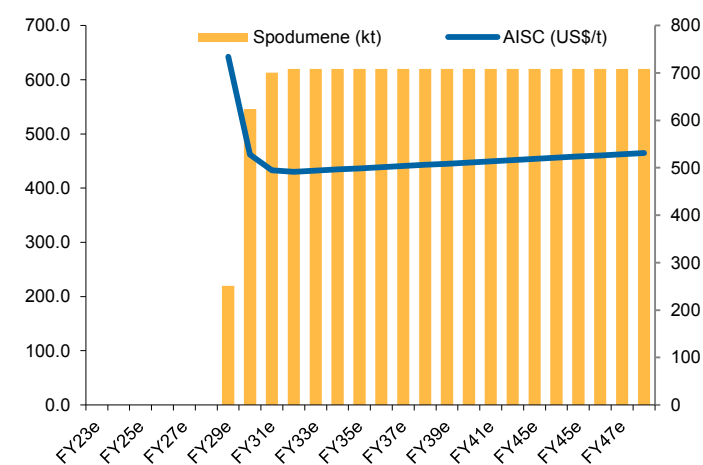
Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, January 2023

(all figures in CAD unless noted, TP in AUD)

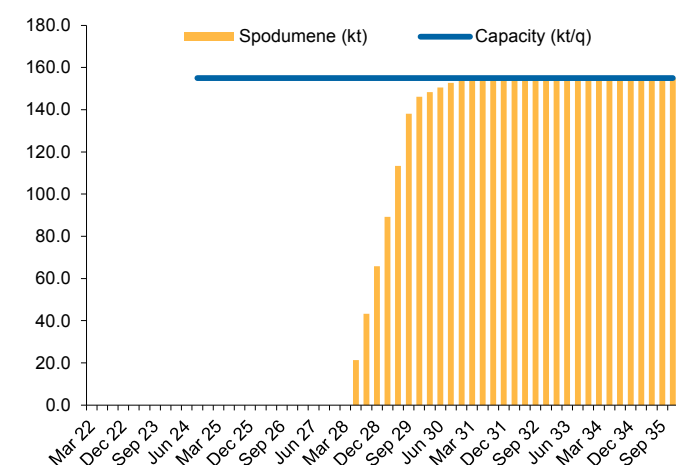
Six key charts

Fig 3 Spodumene production and costs



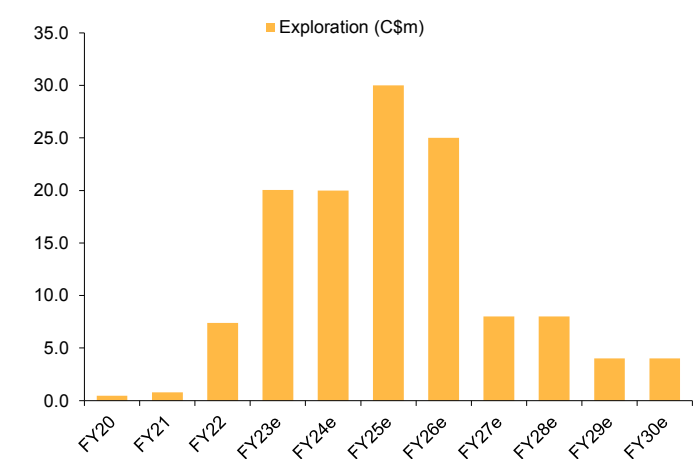
Source: PMT, Macquarie Research, January 2023

Fig 4 Spodumene quarterly ramp-up profile



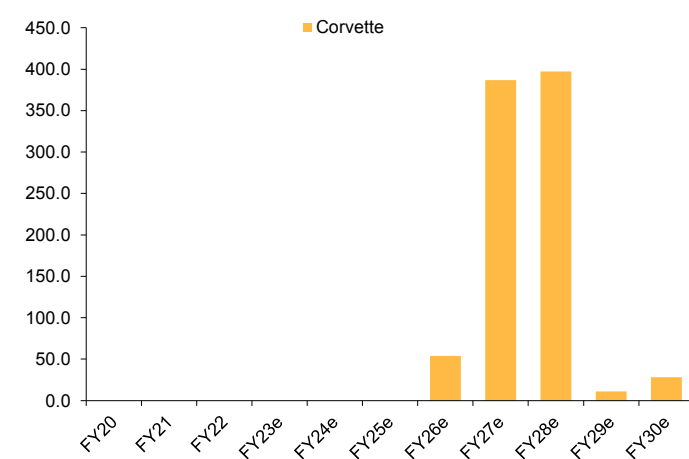
Source: PMT, Macquarie Research, January 2023

Fig 5 Exploration spend (C\$m)



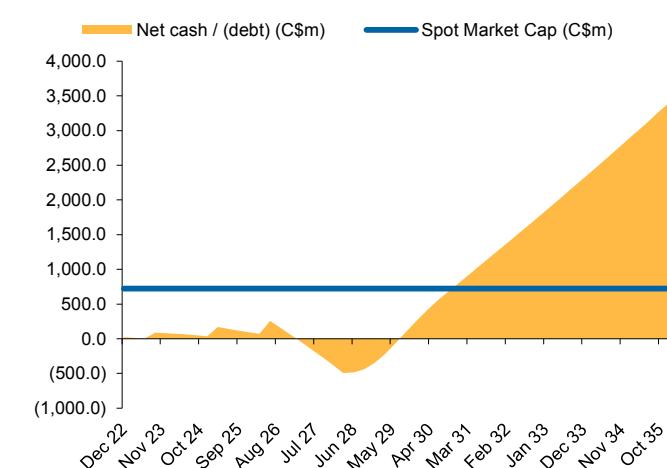
Source: PMT, Macquarie Research, January 2023

Fig 6 Capex by project (C\$m)



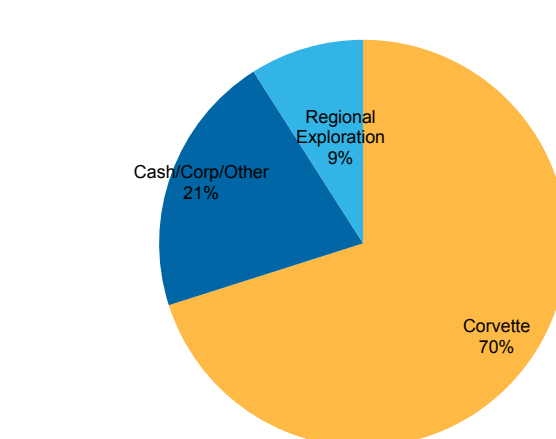
Source: PMT, Macquarie Research, January 2023

Fig 7 Net cash build vs Market Cap



Source: PMT, Macquarie Research, January 2023

Fig 8 NPV by project (C\$m)



Source: PMT, Macquarie Research, January 2023

Fig 9 Patriot Battery Metals summary earnings and valuation

Patriot Battery Metals																																																
ASX: PMT	Price: (A\$ps)	A\$0.84	Mkt cap: (A\$m)	779	Year end:	Mar	Rating:	Outperform	Up/dn	TSR																																						
TSX: PMET	Price: (C\$ps)	C\$7.75	Mkt cap: (C\$m)	719	Diluted shares (m)	92.8	Target:	A\$1.20	43%	43%																																						
			Mkt cap: (US\$m)	539			Target:	C\$11.10	43%	43%																																						
FX ASSUMPTIONS																																																
AS/US\$	(x)	0.74	0.68	0.68	0.70	0.70	0.70	0.70	COMMODITY PRICES				FY22	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e																													
									Spodumene	(US\$/t)	418	1,519	5,286	6,425	6,125	5,650	4,950																															
									Asia Lithium Hydroxide	(US\$/t)	10,280	18,736	59,187	76,750	79,750	79,500	71,500																															
RATIO ANALYSIS																																																
Diluted share capital	m	37.7	132.4	147.2	169.4	169.4	213.9	213.9	SPODUMENE OPERATIONS				FY22	FY23e	FY24e	FY25e	FY26e	FY27e	FY28e																													
EPS (diluted and pre sig. items)	A¢	(23.0)	(16.8)	(11.3)	(10.9)	(9.8)	(8.0)	(19.8)	Project (100%)																																							
P/E	x	nm	nm	nm	nm	nm	nm	nm	Corvette	(kt)	0	0	0	0	0	0	0	0	0																													
CFPS	A¢	(27.9)	(22.9)	(24.9)	(28.6)	(26.8)	(11.4)	(21.9)	Total	(kt)	0	0	0	0	0	0	0	0	0																													
P/CF	x	nm	nm	nm	nm	nm	nm	nm	AISC																																							
DPS	A¢	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Corvette	(US\$/t)	0	0	0	0	0	0	0	0	0																													
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Group AISC	(US\$/t)	0	0	0	0	0	0	0	0	0																													
Franking Level	%	0%	0%	0%	0%	0%	0%	0%	Lithium Carbonate Equivalent				(kt)																																			
Book value per share	A¢	0.63	0.30	0.81	1.46	1.35	2.34	2.16	<div>SPODUMENE PRODUCTION (100% BASIS)</div> <table><thead><tr><th>Year</th><th>Corvette (kt)</th><th>Group AISC (US\$/t)</th></tr></thead><tbody><tr><td>FY22e</td><td></td><td></td></tr><tr><td>FY23e</td><td>220</td><td>1000</td></tr><tr><td>FY24e</td><td>620</td><td>650</td></tr><tr><td>FY25e</td><td>620</td><td>650</td></tr><tr><td>FY26e</td><td>620</td><td>650</td></tr><tr><td>FY27e</td><td>620</td><td>650</td></tr><tr><td>FY28e</td><td>620</td><td>650</td></tr><tr><td>FY29e</td><td>620</td><td>650</td></tr><tr><td>FY30e</td><td>620</td><td>700</td></tr></tbody></table>										Year	Corvette (kt)	Group AISC (US\$/t)	FY22e			FY23e	220	1000	FY24e	620	650	FY25e	620	650	FY26e	620	650	FY27e	620	650	FY28e	620	650	FY29e	620	650	FY30e	620	700
Year	Corvette (kt)	Group AISC (US\$/t)																																														
FY22e																																																
FY23e	220	1000																																														
FY24e	620	650																																														
FY25e	620	650																																														
FY26e	620	650																																														
FY27e	620	650																																														
FY28e	620	650																																														
FY29e	620	650																																														
FY30e	620	700																																														
P/Book value	x	12.2x	25.7x	9.5x	5.3x	5.8x	3.3x	3.6x																																								
R.O.E. (pre sig items)	%	(15%)	(43%)	(13%)	(7%)	(7%)	(3%)	(9%)																																								
R.O.A. (pre sig items)	%	(16%)	(37%)	(12%)	(6%)	(7%)	(3%)	(2%)																																								
Interest Cover	x	6.9x	10.1x	69.9x	61.6x	26.3x	26.4x	(0.7x)																																								
EBITDA per share	A\$	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)																																								
EV/EBITDA	x	nm	nm	nm	nm	nm	nm	nm																																								
Free cash flow yield	%	(4%)	(3%)	(3%)	(4%)	(8%)	(25%)	(27%)																																								
EARNINGS																																																
Sales Revenue	C\$m	0	0	0	0	0	0	0																																								
Other Revenue	C\$m	0	0	0	0	0	0	0																																								
Total Revenue	C\$m	0	0	0	0	0	0	0																																								
Operating Costs	C\$m	0	0	0	0	0	0	0																																								
Operational EBITDA	C\$m	0	0	0	0	0	0	0																																								
Exploration expense	C\$m	0	0	0	0	0	0	0																																								
Corporate & Other Costs	C\$m	(4)	(19)	(16)	(17)	(17)	(18)	(18)																																								
EBITDA	C\$m	(4)	(19)	(16)	(17)	(17)	(18)	(18)																																								
D&A	C\$m	0	0	0	0	0	0	0																																								
EBIT	C\$m	(4)	(19)	(16)	(17)	(17)	(18)	(18)																																								
Net Interest	C\$m	1	2	0	0	1	1	(24)																																								
Profit Before Tax	C\$m	(4)	(17)	(16)	(17)	(17)	(17)	(42)																																								
Tax Expense	C\$m	0	(0)	0	0	0	0	0																																								
Minorities	C\$m	0	0	0	0	0	0	0																																								
Adjusted NPAT	C\$m	(4)	(17)	(16)	(17)	(17)	(17)	(42)																																								
Significant Items (post tax)	C\$m	(0)	0	0	0	0	0	0																																								
Reported NPAT	C\$m	(4)	(17)	(16)	(17)	(17)	(17)	(42)																																								
CASHFLOW																																																
Net Profit	C\$m	(4)	(17)	(16)	(17)	(17)	(17)	(42)	RESERVES AND RESOURCES																																							
Interest/Tax/D&A	C\$m	(7)	(20)	(20)	(31)	(27)	(9)	(9)	Spodumene reserves																																							
Working Capital/other	C\$m	0	7	0	(1)	(2)	1	5	Corvette				Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)																																	
Net Operating Cashflow	C\$m	(11)	(30)	(37)	(49)	(45)	(24)	(47)	Proved				0.0	0.00%	0																																	
Capex	C\$m	0	0	0	0	(54)	(387)	(397)	Probable				0.0	0.00%	0																																	
Investments	C\$m	0	0	0	0	0	0	0	Total reserves				0.0	0.00%	0																																	
Sale of PPE and Other	C\$m	0	0	0	0	0	0	0	Spodumene resources																																							
Free cash flow	C\$m	(11)	(30)	(37)	(49)	(99)	(411)	(444)	Corvette				Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)																																	
Dividends Paid	C\$m	0	0	0	0	0	0	0	Measured				0.0	0.00%	0																																	
Debt	C\$m	0	0	0	0	0	68	445	Indicated				0.0	0.00%	0																																	
Equity Issuance	C\$m	22	31	97	146	0	291	0	Inferred				0.0	0.00%	0																																	
Other	C\$m	0	0	0	0	0	0	0	Total resources				0.0	0.00%	0																																	
Net Financing Cashflow	C\$m	22	31	97	146	0	359	445																																								
Net change in cash	C\$m	12	0	60	97	(99)	(53)	1																																								
BALANCE SHEET																																																
Cash	C\$m	12	12	72	169	70	17	18	SUM-OF-THE-PARTS NPV				PMT AU Spot		PMT CN		PMT AU																															
PP&E & Mine Development	C\$m	0	0	0	0	54	441	838	Projects		A\$m	A\$ps	C\$m		C\$ps	A\$m	A\$ps																															
Exploration	C\$m	14	38	58	88	113	121	129	Corvette		14,891	6.96	1,690		7.90	1,815	0.85																															
Total Assets	C\$m	27	51	132	259	241	588	1,015	Regional Exploration		974	0.46	212		0.99	228	0.11																															
Debt	C\$m	0	0	0	0	54	410	410	Unpaid capital and new equity		644	0.30	496		2.32	533	0.25																															
Total Liabilities	C\$m	3	12	12	12	13	88	553	Corporate		(116)	(0.05)	(107)		(0.50)	(115)	(0.05)																															
Total Net Assets / Equity	C\$m	24	40	120	247	228	501	462	Cash		3	0.00	91		0.42	97	0.05																															
Net Debt / (Cash)	C\$m	(12)	(12)	(72)	(169)	(70)	37	392	Debt		0	0.00	0		0.00	0	0.00																															
Gearing (net debt/(nd + equity))	%	(96%)	(43%)	(153%)	(218%)	(44%)	7%	46%	Net Equity Value (@ 13% nom WACC))		16,396	7.67	2,382		11.14	2,557	1.20																															
Gearing (net debt/equity)	%	(49%)	(30%)	(60%)	(69%)	(31%)	7%	85%	Price target (1.0x NPV)								C\$11.10	A\$1.20																														

Source: PMT, Macquarie Research, January 2023

A world-class discovery

Initiating coverage with an Outperform

Maiden resource for Corvette due in early 2023

Corvette is an early-stage exploration that has demonstrated the potential to host significant volumes of spodumene. Mineralisation has already been defined over a strike length of +2km and PMT is focusing on infill drilling to enable the delineation of a maiden resource for Corvette in early 2023.

We attended one of a series of site visits hosted by PMT to Corvette in September 2022 and were able to confirm the location of drilling completed to date and the extent of the outcropping pegmatite mineralisation. Of note was the size of the spodumene crystals, which were much coarser and larger than other spodumene mines we have visited in Western Australia.

Appointment of Ken Brinsden to the Board

The recent appointment of Ken Brinsden to the Board has added significant strength to the management team at PMT, which is led by Blair Way, who boasts extensive experience in large-scale project construction. We estimate that the initial resource for Corvette is likely to exceed 100mt, with an ultimate size closer to 200mt across the entire strike length discovered to date.

Price targets set at A\$1.20 and C\$11.10 for PMT and PMET

Our valuation for PMT is derived from a full development scenario of Corvette, which we base off a mining inventory of 136mt @ 1.13% Li₂O. The delineation of a maiden resource presents a material near-term catalyst for PMT, and we expect the ultimate scale of the project to surprise on the upside. The company is listed on the ASX and TSX and we initiate coverage on PMT AU and PMET CN with Outperform ratings, setting price targets of A\$1.20 and C\$11.10.

Mining inventory assumption based on three zones at CV5

We visited the Corvette project in September 2022

We visited the Corvette project in September 2022 as part of several site visits hosted by PMT at the time. The visit provided greater clarity as to the strike potential of the CV5 Cluster identified in drill results, as well as the greater regional potential at Corvette. We calculate the average intercept of all drilling completed to date at CV5 at 61m @ 1.06% Li₂O and 139ppm Ta₂O₅.

We calculate a mining inventory of 136mt @ 1.13% Li₂O

Our analysis suggests there are three main zones defined to date and we have derived our mining inventory from volumetric assessment of drilling completed to date in the CV5 Zone, CV1 zone and the Gap Zone between the two outcrops, which forms the 2.2km of strike already defined by drilling. Variances between our mining inventory and actual reserves and resources presents the most material risk to our valuation for PMT.

Fig 10 Mining inventory assumption key drive of our valuation

Corvette	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
Mining Inventory	136.4	1.13%	1,539

Source: PMT, Macquarie Research, January 2023

Price target equivalent to our NPV

Price targets are equivalent to 1.0x our sum-of-the-parts NPV

Our A\$1.20 and C\$11.10 price targets for PMT and PMET are equivalent to 1.0x our sum-of-the-parts NPV. The bulk of the value in our NPV emanates from our discounted cash flow valuation of our development scenario for the Corvette project. We also ascribe additional value to the regional potential of the large tenement package.

Fig 11 Sum-of-the-parts NPV for PMET CN and PMT AU

	PMET CN		PMT AU	
Projects	C\$m	C\$ps	A\$m	A\$ps
Corvette	1,690	7.90	1,815	0.85
Exploration	212	0.99	228	0.11
Unpaid capital and new equity	496	2.32	533	0.25
Corporate	(107)	(0.50)	(115)	(0.05)
Cash	91	0.42	97	0.05
Debt	0	0.00	0	0.00
Net Equity Value (@ 13% nom WACC)	2,382	11.14	2,557	1.20
Price target (1.0x NPV)		C\$11.10		A\$1.20

Source: PMT, Macquarie Research, January 2023

**Our valuation is diluted
for three separate
capital-raising**

Valuation incorporates equity dilution to fund exploration and project development

We note that our valuation is diluted for three separate capital-raising. The first C\$100m is assumed to occur in 2023 to enable the full drill-out of the resource into measured and indicated categories ahead of defining a reserve. The second C\$150m raising is forecast to occur in early 2025 to fund feasibility studies for a large-scale development and secure long-lead time items.

The final C\$350m raising funds the equity portion of the construction cost of our 5.0mtpa open pit project that is forecast to produce +600ktpa of spodumene concentrate. We note that our development scenario assumes a pre-production capital cost of C\$750m, and US\$350m of debt to fund the remaining capital cost. The raisings are all priced at C\$6.75, a 13% discount to the current share price.

Fig 12 We incorporate three major equity-raising

Driver	Value (C\$m)	Price (C\$)	Shares (m)
Resource drill-out	100	6.75	14.8
Feasibility Studies	150	6.75	22.2
Construction	300	6.75	44.4
Total	550	6.75	81.5

Source: PMT, Macquarie Research, January 2023

Key risks reflect early stage

**The most material risk
to our base case
valuation for PMT is our
mining inventory
assumption**

The most material risk to our base case valuation for PMT is our mining inventory assumption. We believe our estimate of 136mt @ 1.13% Li₂O will prove conservative over time, however it does assume further drilling success and depth extensions to the current mineralisation defined over the 2.2km of strike.

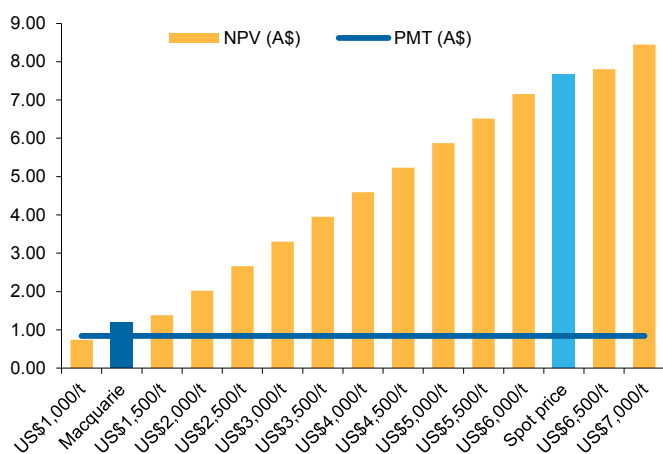
Our development scenario for the Corvette project is based on the metrics of Pilgangoora and Wodgina, which we believe are likely to accurately represent the scale of Corvette. Variances in capital cost, operating cost and throughput assumption present a key risk to our base case valuation should PMT look to develop Corvette on a smaller or larger scale.

Long-term spodumene prices a key variable

**Current share price
factoring in spodumene
price of ~US\$1,000/t**

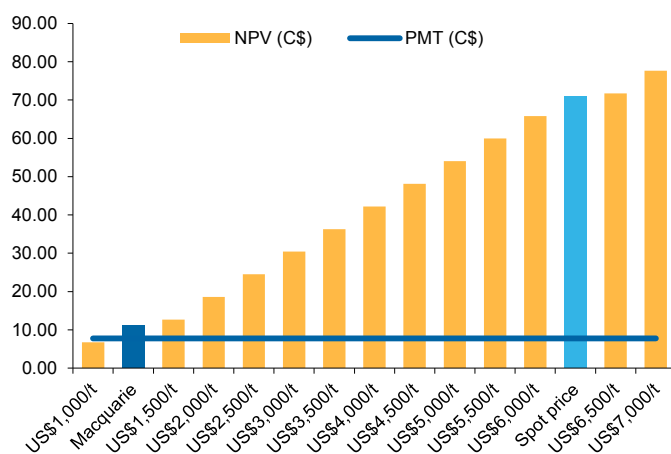
Movements in spodumene prices present the other major risk to our base case valuation for PMT and PMET. We outline below the impact of using flat spodumene prices over the life of our development scenario for Corvette. We note that the current share prices are factoring in real spodumene prices of ~US\$1,000/t over the life of the project

Fig 13 PMT NPV based on various spodumene prices



Source: PMT AU, Macquarie Research, January 2023

Fig 14 PMET NPV based on various spodumene prices



Source: PMET CN, Macquarie Research, January 2023

Corvette a large-scale development

World-class discovery

World class spodumene potential at Corvette

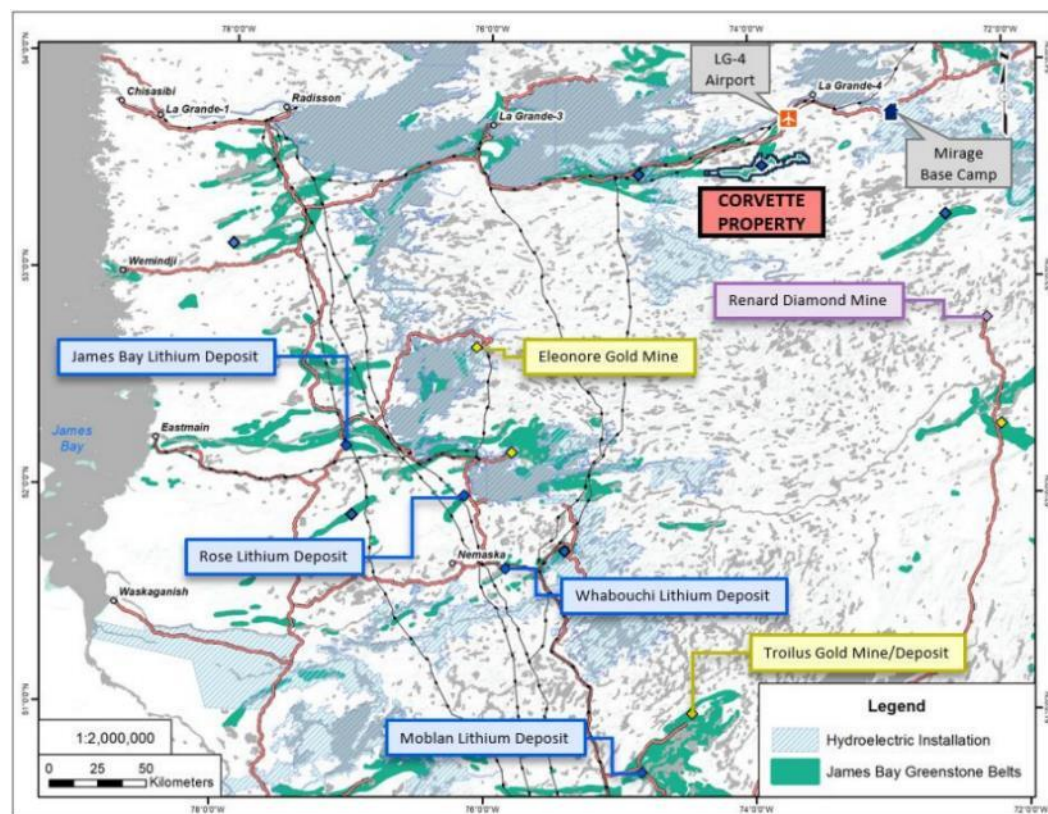
PMT has started to delineate what we believe will evolve into a world-class spodumene deposit at its Corvette project in Canada. The project is located 240km northeast of Nemaska in Québec in the James Bay region. The tenement package is 5.8km to the south of the Trans-Taiga Road and significant power line and hydro infrastructure.

The James Bay region of Québec is host to several major lithium discoveries that have resources and reserves already defined. The James Bay deposit is owned by Alkem (AKE AU, A\$11.94, Outperform, TP: A\$21.00, Hayden Bairstow) and contains a reserve of 37.2mt @ 1.3% Li₂O. The other two major deposits are Rose and Whabouchi, which boast reserves of 27mt @ 0.85% Li₂O and 27.9mt @ 1.33% Li₂O, respectively.

Drilling for spodumene only commenced in 2021

The first drilling program to test for spodumene mineralisation only occurred in 2021, with PMT completing a 15-hole program totalling 2,048m of drilling. Interestingly, the drilling program included only 5 holes on the CV Lithium trend and 10 holes on the Maven Copper-Gold-Silver trend. The best result from the first five lithium holes drilled in 2021 was 155.1m @ 0.94% Li₂O and 117ppm Ta₂O₅.

Fig 15 Corvette property location



Source: PMT, January 2023

Drilling in 2022 confirmed potential of Corvette

During 2022, a new cluster of outcropping pegmatites was identified at CV13

In 2022, PMT significantly increased exploration activity, including a major surface geological mapping program along the CV5 pegmatite corridor and planned regional mapping programs over the outcropping CV8, CV9, CV10 and CV12 pegmatites. During the year, a new cluster of outcropping pegmatites was identified at CV13, and we expect this area to become an increased focus of drilling in 2023.

In February 2022, PMT commenced a major drilling program focused on the CV5 pegmatite trend, which includes the CV1, CV2, CV5, CV6, CV7 and CV11 outcrops. Mineralisation has been defined over a strike length of 2.2km by drilling over the 2022 program, with assay results from over 30 holes yet to be received. We outline some of the better results received to date below.

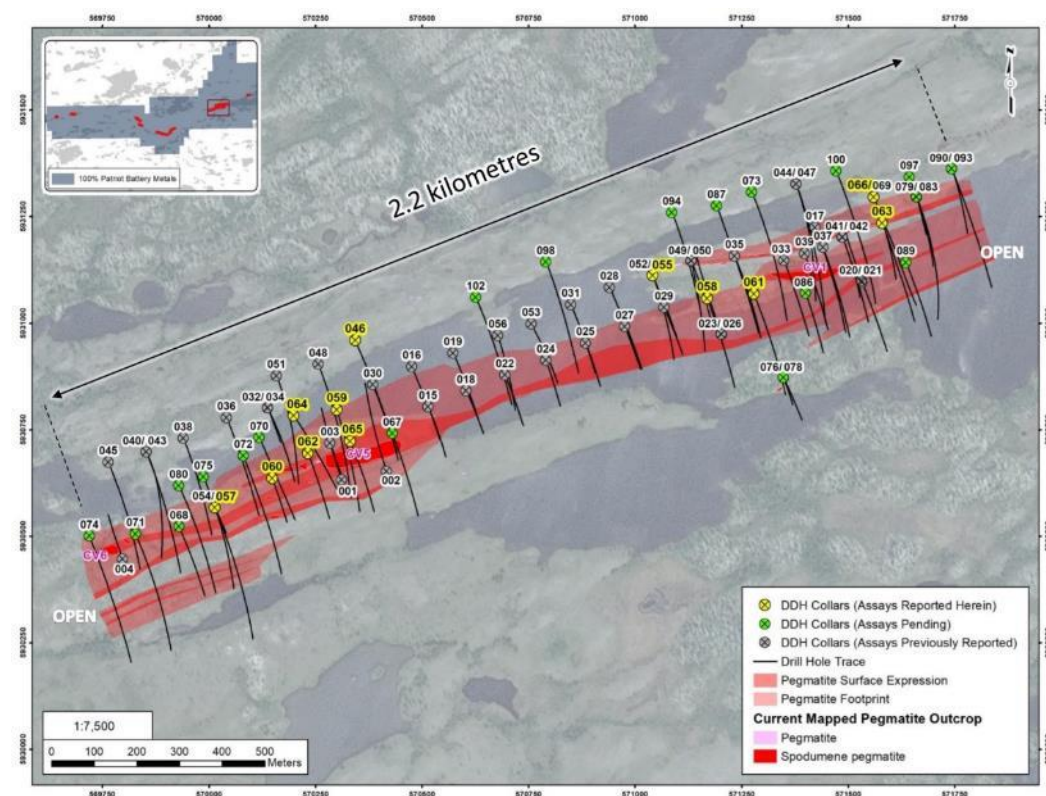
**Best intersection of
159.7m @ 1.65% Li₂O
and 193ppm Ta₂O₅**

- ⇒ CV22-042 – 159.7m @ 1.65% Li₂O and 193ppm Ta₂O₅.
- ⇒ CV22-030 – 152.8m @ 1.22% Li₂O and 138ppm Ta₂O₅.
- ⇒ CV22-044 – 86.2m @ 2.13% Li₂O and 163ppm Ta₂O₅.
- ⇒ CV22-017 – 40.7m @ 3.01% Li₂O and 160ppm Ta₂O₅.

**PMT has now completed
80 drill holes over the
CV5 Pegmatite**

PMT has now completed 80 drill holes over the CV5 Pegmatite trend totalling 27,470m of drilling. A further 14 holes testing the CV13 Pegmatite cluster and one hole testing the CV12 Pegmatite cluster were completed as part of the 2022 drilling program. The bulk of the drilling completed to date has been over 100m drill spacing, with some areas drilled on a 50m spacing.

Fig 16 Drilling in 2022 has extended the strike length to 2.2km at CV5



Source: PMT, January 2023

Exploration activity to accelerate in 2023

**Five drill rigs expected
on site by February
2023**

Drilling is expected to recommence in January with three drill rigs currently on site and PMT expecting to add a further two drill rigs in February. The primary focus of drilling will be to test for extensions to the defined 2.2km of strike at CV5 and undertake a major infill drilling program to reduce drill spacing.

To assist the drilling program, PMT is constructing a 19.3km winter road extending from the main Tans-Taiga Road to the CV5 Pegmatite. Post the winter season, we expect PMT to look to secure approvals to construct an all-weather access road to the site to enable drilling to continue through the year.

Mining inventory key to our development scenario

Narrowing the drill spacing from 100m to 50m should enable PMT to classify the bulk of mineralisation at CV5 in the indicated resource category. We have calculated a mining inventory for the CV5 Pegmatite cluster based on drilling completed to date.

**We visited the Corvette
project in September
2022**

We visited the Corvette project in September 2022, which provided greater clarity as to the strike potential of CV5, as well as the greater regional potential at Corvette. We calculate the average intercept of all drilling completed to date at CV5 at 61m @ 1.06% Li₂O and 139ppm Ta₂O₅. However, our analysis suggests there are three main zones defined to date.

The CV5 outcrop is the most prospective

The CV5 outcrop is the most prospective in terms of the width, continuity, and grade of the spodumene mineralisation. The CV1 outcrop appears to be an offset of the main CV5 pegmatite and is likely, in our view, to result in several parallel mineralised zones, albeit narrower than the CV5 outcrop area.

The third main area is the gap between the CV5 and CV1 outcrops. We expect this area to be the focus of drilling during the winter as drill rigs can be positioned on the frozen lake. Our mining inventory is the combination of three separate volumetric calculations from the drilling completed to date at CV5 Outcrop, CV1 Outcrop and the Gap zones.

CV5 Outcrop accounts for ~60% of our mining inventory

We calculate a mineral inventory of 75.6mt for the CV5 Outcrop zone, which assumes an average width of 80m, strike of 700m and a depth of 500m. For the CV1 outcrop we assume a strike of 500m, average width of 60m and depth of 300m, while the Gap Zone mining inventory assumes a strike of 1.0km, width of 45m and depth of 300m. We have assumed a specific gravity (SG) of 2.7.

We believe there is significant upside risk to our mining inventory

The grades of the drill holes released to date have averaged 1.06% Li₂O. However, the CV5 zone has demonstrated materially higher grades than the Gap Zone or CV1 Outcrop. Accordingly, we have assumed a lower grade in these two zones compared to the CV5 Outcrop. We believe there is significant upside risk to our mining inventory assumption as mineralisation has yet to be closed off at depth, and the mineralised zones appear to be widening at depth at the CV5 Outcrop zone.

Fig 17 Mining inventory calculation

Mineralised zone	Strike	Depth	Width	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
CV1 Outcrop	500	300	60	24.3	1.10%	267.3
Gap Zone	1,000	300	45	36.5	1.00%	364.5
CV5 Outcrop	700	500	80	75.6	1.20%	907.2
Total	2,200	364	60	136.4	1.13%	1,539.0

Source: PMT, Macquarie Research, January 2023

Encouraging metallurgical test work

Dense Media Separation returned an overall recovery of 79%

PMT released results from preliminary metallurgical test work on core drilled at Corvette. The results using Dense Media Separation (DMS) returned an overall recovery of 79% to produce a 5.8% Li₂O spodumene concentrate with impressive low impurities of 0.6% Fe₂O₃. The test results confirmed earlier work using Heavy Liquid Separation (HLS).

Fig 18 Spodumene concentrate produced from DMS test work



Source: PMT, January 2023

***Corvette expected to be
a large-scale
development***

Our mining inventory puts Corvette in the league with Wodgina and Pilgangoora

We have outlined a development scenario for the Corvette project based on our mining inventory of 136.4mt @ 1.13% Li₂O. Given the scale of the project, we have used the Pilgangoora and Wodgina projects, owned by Pilbara Minerals (PLS AU, A\$3.93, Outperform, TP: A\$7.50, Hayden Bairstow) and Mineral Resources (MIN AU, A\$85.89, Outperform, TP: A\$127.00, Hayden Bairstow), respectively, as the basis for our development scenario.

Fig 19 Comparisons of reserves for Wodgina and Pilgangoora vs our mining inventory

Project	Ore (mt)	Grade (Li ₂ O)	Li ₂ O (kt)
Wodgina	147.0	1.20%	1,766
Pilgangoora	159.2	1.19%	1,887
Corvette	136.4	1.13%	1,539

Source: PMT, MIN, PLS Macquarie Research, January 2023

Pilgangoora is currently operating with a throughput capacity of 5.0mtpa, although this will be expanded to 7.2mtpa as part of the P1000 expansion. We estimate PLS has spent ~A\$800m on capital since development of Pilgangoora began, which includes capitalised production costs and working capital, with the total spend to achieve the 1.0mtpa spodumene production rate likely to exceed A\$1.5b.

MIN has not disclosed the total capital expenditure for Wodgina; however, we estimate a spend of A\$850m to achieve the 750ktpa spodumene production capacity. Our production forecasts assume a 5.4mtpa throughput rate will deliver spodumene production of 820ktpa @ 5.7% Li₂O, above the stated 750ktpa @ 6.0% name plate capacity.

Production is likely by 2028

Given PMT has yet to release a maiden resource for Corvette, we believe that first production for the project is still likely to be some way off. Assuming the maiden resource is released by March 2023, we have allowed a further twelve months for PMT to complete a pre-feasibility study and release a maiden reserve. We note that an upgrade to the resource to incorporate the 2023 infill drilling program is also likely over the year.

The release of the PFS should enable PMT to commence securing the approvals for the development. We have assumed this process will take two years, during which time PMT is assumed to complete a full bankable feasibility study.

***First production at least
five years away***

Fig 20 CV5 outcrop located adjacent to the lake



Source: Macquarie Research, January 2023

Fig 21 Mineralisation also located away from the lakes



Source: Macquarie Research, January 2023

**We assume first
spodumene production
by April 2028**

Our base case allows for a two-year construction phase, delivering first spodumene production by April 2028. The extended approvals process reflects the need to secure both Quebec state and Canada Federal approvals as draining of the shallow lakes will be required to develop the large-scale open pits required to extract the shallow mineralisation at Corvette. We note that the State and Federal approvals secured by the Rose and Whabouchi spodumene projects provide some certainty that the approvals can be secured through the existing processes.

Fig 22 First production likely in just over five years

Development timeline	Date
Maiden Resource	March 2023
Pre-Feasibility Study (PFS)	March 2024
Maiden Reserve	March 2024
Bankable/Definitive Feasibility Study (B/DFS)	September 2025
Final Investment Decision (FID) – post approvals	March 2026
First spodumene production	April 2028

Source: PMT, Macquarie Research, January 2023

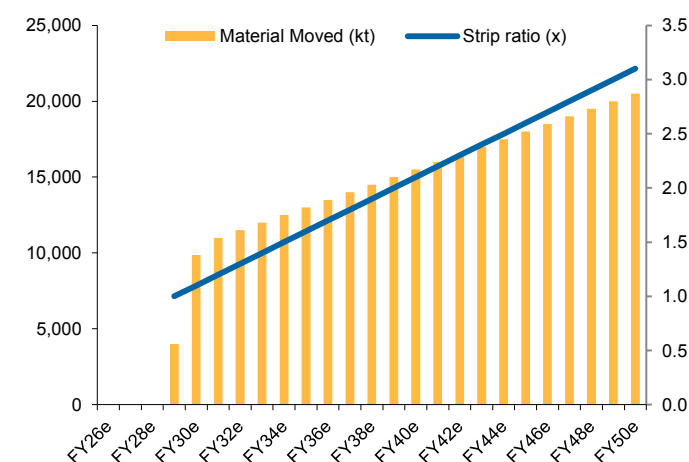
Corvette has the potential to produce +600ktpa

**We assume a process
plant throughput rate of
5.0mtpa**

Our development scenario for the Corvette project is based on our mining inventory assumption for the CV5 Pegmatite cluster. We assume a process plant throughput rate of 5.0mtpa, a similar scale to Pilgangoora and Wodgina. The strip ratio is expected to be modest given the size of the outcrops at CV5, however we have assumed a gradual increase over the life of the project as the open pits get deeper.

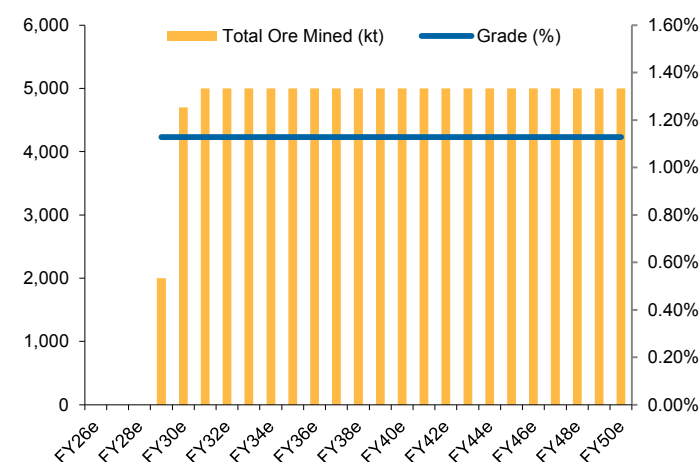
Our flat grade profile is conservative in our view as PMT is likely to target higher-grade zones around CV5 in the early years of the development. Furthermore, smaller higher-grade targets as evidenced at CV13, could also provide early higher-grade ore to the project. Our flat grade profile translates to an annual spodumene production rate of 620ktpa.

Fig 23 Strip ratios assumed to increase as pits get deeper



Source: PMT, Macquarie Research, January 2023

Fig 24 Development scenario assumes 5.0mtpa throughput



Source: PMT, Macquarie Research, January 2023

**Our development
scenario assumes pre-
production capex of
C\$750m**

Our development scenario assumes pre-production capex of C\$750m, which covers the cost of the processing plant, open pit preparation, including pre-strip, mine site camp and haulage infrastructure, including port a storage shed. Our capital cost estimate also incorporates 25% cost contingency, off an original capital base of C\$600m.

We assume a life of mine AISC of US\$710/t in our development scenario for Corvette. The key assumptions are a material movement cost of C\$5/t, processing, and general site costs of C\$15/t and C\$10/t, respectively. Trucking and port costs are assumed to total C\$105/t with shipping cost of C\$135/t. Should PMT be able to secure local processing capacity within Quebec we would expect total costs to be materially lower than our base case.

Strong regional exploration pedigree

Belt scale exploration potential

Much of the Corvette project is unexplored

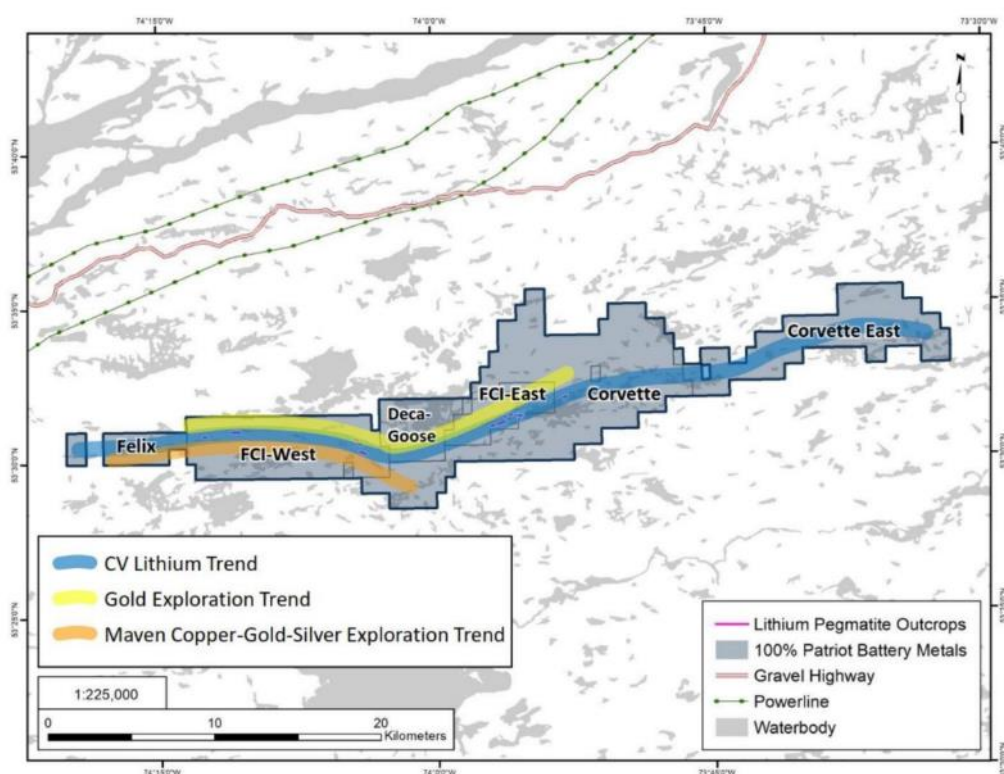
The Corvette project consists of 417 mineral claims that cover an area of 21,375 hectares. The tenements are broken down into five main areas, Corvette Main, Corvette East, FCI East, FCI West, Deca-Goose and Felix. PMT acquired the Corvette tenement package between July 2016 and February 2022 from various parties. There remains a 2% royalty to the previous owners of most tenements.

Previous exploration in the region focused on the Gold Exploration and Maven Copper-Gold-Silver trends. Drilling from prior owners successfully defined gold and copper mineralisation across the tenement package in volcanogenic massive sulphides, orogenic gold geological settings as well as PGEs and numerous pegmatites.

Early-stage lithium exploration occurred in 2016

Gold exploration commenced in the late 1950s, however in 1997 consolidation of land positions by Virginia Gold Mines resulted an increase in exploration drilling, highlighted by an intersection of 7m @ 10.5gt in 2007. In 2016, PMT (then called 92 Resources) undertook some early-stage activity having acquired tenements in the Corvette main area. The work confirmed spodumene bearing mineralisation at the Corvette (CV1) pegmatite.

Fig 25 Corvette property location



Source: PMT, January 2023

Regional geology and mineralisation

The Corvette tenements are located within the Lac Guyer Greenstone Belt, which is a subset of the larger La Grande Greenstone Belt. Lithium mineralisation at Corvette is hosted within quartz-feldspar pegmatites, that normally are outcropping at surface. These outcrops have been described as “whale-back” landforms.

Spodumene is the dominant lithium bearing mineral

Importantly sampling has confirmed that spodumene is the dominant lithium bearing mineral, accounting for 98-99%, with only minor amounts of petalite and lepidolite. Most mineralised intersections also contain tantalum; however, its importance will depend on PMT’s preferred process route.

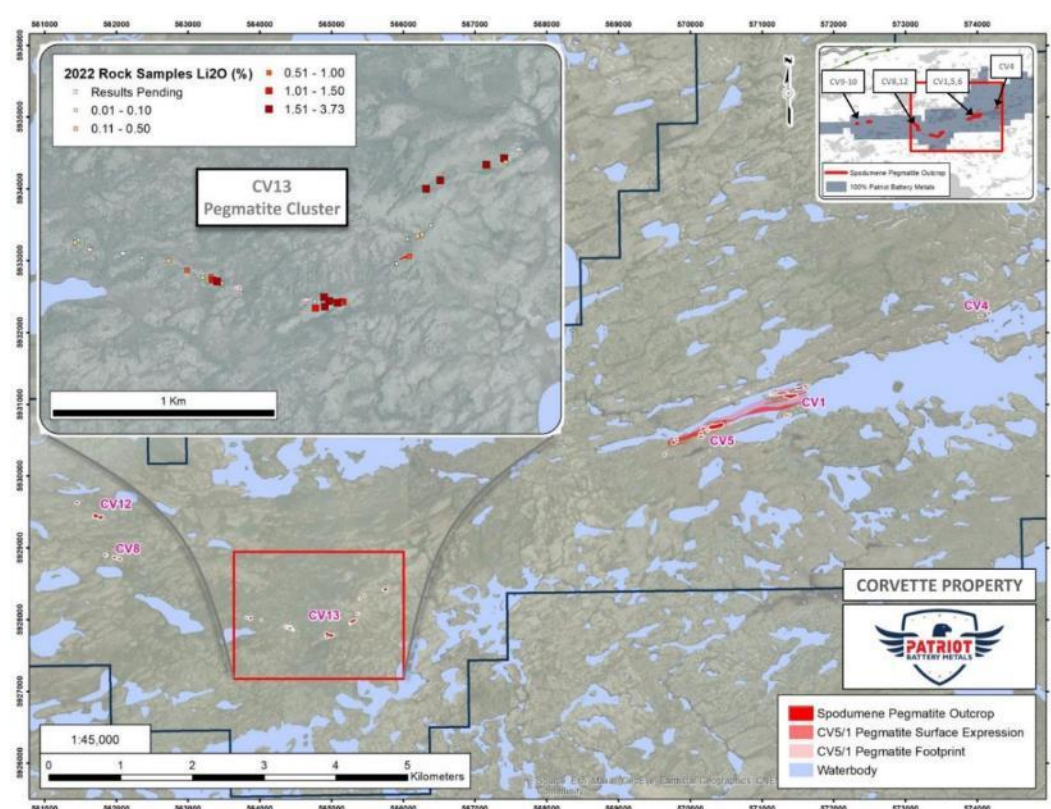
CV13 was discovered following a sample of 3.73% Li₂O

CV13 cluster offers significant upside to our base case

During 2022, two major surface discoveries were made. In June, PMT announced the discovery of new spodumene bearing outcropping pegmatites 150m southwest of CV5 and 200m along strike from CV3. In August, a new pegmatite cluster, named CV13, was discovered following a sample of 3.73% Li₂O.

Our mining inventory assumption for Corvette is based solely on the drilling completed to date around the CV5 and CV1 outcrops. The delineation of resources at CV13 or the other regional targets identified by outcrops at CV8, CV9 or CV12, present upside risk to our development scenario for Corvette.

Fig 26 CV13 cluster presents upside risk to our base case



Source: PMT, January 2023

Regional potential is significant

Outcropping strike lengths of 400m at CV9

PMT has only undertaken surface mapping of outcropping spodumene bearing pegmatites for the regional targets away from the CV5 trend. Outcropping strike lengths of 400m at CV9 and 250m at CV8 have been identified, which is in addition to the 2.3km of combined outcropping strike identified over the CV13 cluster.

To date, only 5km of the 25km of the CV Lithium trend has been sampled for outcropping pegmatite mineralisation. We believe there is significant regional potential for additional discoveries across the entire CV Lithium trend. Importantly all discoveries to date are from outcrops.

Regional exploration potential accounts for 9% of our NPV

Further drilling is likely to provide greater clarity as to the potential size of the main lithium bearing structures at depth and along strike where outcrops are not visible. The bulk of our valuation for PMT reflects our development scenario for the CV5 Pegmatite Cluster. Our regional exploration valuation of A\$233 (C\$212m) incorporates some of the regional potential of the Corvette tenement package.

Board and Management

Board of Directors

Blair Way – President and Chief Executive Officer

Blair Way boasts over 30 years' experience in the resources and construction industry in Australia, North America, and Europe. Prior to joining PMT, he was President and Chief Executive Officer of Leading-Edge Minerals. He has also held leadership roles at Strike Graphite and Aguila American Gold. Blair was previously Project Manager, Non-Ferrous Group for Hatch Associates and Project Director for Queensland Nickel in Townsville for BHP Group.

Ken Brinsden – Non-Executive Chairman

Ken Brinsden is a Mining Engineer with ~30 years' experience in surface and underground mining operations. Prior to joining PMT, he was Managing Director and Chief Executive Officer of Pilbara Minerals, where he led the company from 2016 to 2022, advancing the company from exploration into production. Over the course of his career, he held senior management or leadership roles with Atlas Iron, Iluka Resources, GoldFields, Central Norseman Gold Corporation, Normandy Mining and WMC Resources.

Dusan Berka – Executive Director and Chief Financial Officer

Dusan Berka has ~50 years of experience in international business in North America and Europe, largely in corporate governance, financing, marketing, and administration of public companies. He has served as a director of various listed companies on the TSX, TSX Venture Exchange and NASDAQ.

Jon Evensen – Non-Executive Director

Jon Evensen is a private investor with ~10 years' experience in investment banking and investment management focused on natural resources. He expanded the global metals & mining portfolio at Luminus Management. Prior to Luminus Management, he worked at Hedge Fund Millennium.

Brian Jennings – Non-Executive Director

Brian Jennings is a Chartered Accountant and Geologist with ~30 years' experience in senior financial executive roles and as a corporate restructuring professional. He is currently the Chief Financial Officer of Generation Mining Limited.

Senior Management

Blair Way – President and Chief Executive Officer

As above

Darren Smith – Vice President of Exploration

Darren Smith has ~16 years' experience in the mining industry, focused largely on exploration and project study work. His previous experience is across several different commodities. Darren and his team discovered one of the world's largest Rare Earth Elements deposits at Ashram.

Kelly Pladson – Corporate Secretary

Kelly Pladson has provided corporate governance and regulatory compliance services to many TSX Venture and CSE listed companies since 2009.

Alix Drapack – Vice President of Environment, Social and Governance

Alix Drapack is an engineer with over 30 years' experience in managing mining, environmental and transport/infrastructure projects in Canada and the USA. Prior to joining PMT, she was the Chief Sustainability Officer for Osisko Mining.

Andrée Drolet – Senior Advisor Environment and Planning

Andrée Drolet is a mining engineer with 23 years' experience in the mining industry working largely in mine waste and water management, mine closure and permitting. Prior to joining PMT, she was Environmental Director of Osisko Mining.

ESG Considerations

ESG commentary provided by Macquarie's ESG team, Anita Stanley
(Anita.Stanley@macquarie.com)

Governance

Board

As per the prospectus, the PMT Board comprises three non-executive directors and two executive directors (CEO and CFO); all the non-executive directors are independent. There are no female representatives on the PMT board.

Fig 27 Board Overview

Company	Board member details	Number of Directors (including CEO)	% of Independent Directors (excluding CEO & CFO)	% of Women on the Board	Average Tenure (in years)	No. of directors that hold other directorships in listed companies
Patriot Battery Minerals	PMT board	5	100%	0%	2.3	2

Source: Company data, Macquarie Research, January 2023

Remuneration

PMT's remuneration structure consists of consulting/ management fees plus an options plan.

Fig 28 CEO remuneration structure as at Nov 2021

Component	Instrument	Performance Period	Vesting conditions	Value
Fixed base salary	Cash payment	Annual basis	n/a	Management/ consulting fees. Due to the relatively small size of PMT, limited cash resources, and the early stage and scope of the Company's operations, PMT noted that NEOs receive limited salaries relative to industry standards
STI	Cash payment	Annual basis	Not disclosed	
LTI	Options	Two/Three years	The Board does not employ a prescribed methodology when determining the grant or allocation of Options to NEOs	CEO was granted 66,666 options in 2021

Source: Company data, Macquarie Research, January 2023

Social

Human Capital Management

As a small organisation, PMT does not provide details on the diversity of the organisation. Of the nine executives listed on the PMT website (including board members), there are three female employees.

PMT does not disclose safety or injury metrics.

Modern slavery

PMT does not publish a Modern Slavery Statement as its annual consolidated revenue is below the reporting requirement threshold of A\$100m.

Community engagement

As a miner, PMT's relations with its local community and key stakeholders are a critical business activity.

Environmental

As PMT is a lithium exploration company, it is likely to have low GHG emissions, although there is little disclosure in this area.

In its Prospectus, PMT noted that the Property does not overlap any sensitive environmental areas or parks, or historical sites.

Other environmental risks include tailings management, water consumption, biodiversity, air quality, waste and hazardous materials management and mine closure plans.

Energy usage

PMT has noted that the Corvette project is located only 15km from high-voltage power lines connected to the La Grande-4 hydro power scheme (one of the largest in the world), providing the potential for 'green lithium' to be produced.

Important disclosures:

Recommendation definitions

Macquarie – Asia and USA

Outperform – expected return >10%
 Neutral – expected return from -10% to +10%
 Underperform – expected return <-10%

Macquarie – Australia/New Zealand

Outperform – expected return >10%
 Neutral – expected return from 0% to 10%
 Underperform – expected return <0%

Note: expected return is reflective of a Medium Volatility stock and should be assumed to adjust proportionately with volatility risk

Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low–medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.

* Applicable to select stocks in Asia/Australia/NZ

Recommendations – 12 months

Note: Quant recommendations may differ from Fundamental Analyst recommendations

Financial definitions

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense

Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / epowa*

ROA = adjusted ebit / average total assets

ROA Banks/Insurance = adjusted net profit / average total assets

ROE = adjusted net profit / average shareholders funds

Gross cashflow = adjusted net profit + depreciation

*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 30 Sep 2022

	AU/NZ	Asia	USA
Outperform	61.09%	64.27%	70.97%
Neutral	32.76%	23.34%	26.88%
Underperform	6.14%	12.39%	2.15%

(for global coverage by Macquarie, 3.62% of stocks followed are investment banking clients)

(for global coverage by Macquarie, 4.59% of stocks followed are investment banking clients)

(for global coverage by Macquarie, 0.00% of stocks followed are investment banking clients)

AKE AU vs ASX 100, & rec history



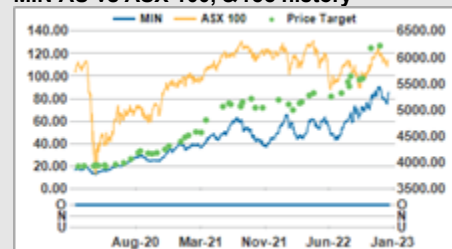
(all figures in AUD currency unless noted)

PLS AU vs ASX 100, & rec history



(all figures in AUD currency unless noted)

MIN AU vs ASX 100, & rec history



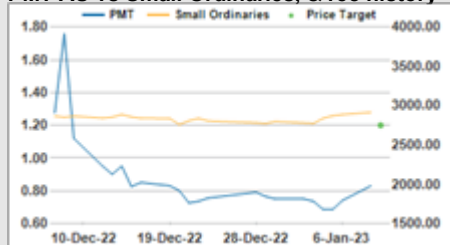
(all figures in AUD currency unless noted)

PMET CN vs TSX, & rec history



(all figures in CAD currency unless noted)

PMT AU vs Small Ordinaries, & rec history



(all figures in AUD currency unless noted)

Note: Recommendation timeline – if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, January 2023

12-month target price methodology

AKE AU: A\$21.00 based on a 50/50 Blend of 5.0x forward EV/Ebitda and NPV methodology

PLS AU: A\$7.50 based on a 50/50 Blend of 5.0x forward EV/Ebitda and NPV methodology

MIN AU: A\$127.00 based on a Blend 50% NPV/50% EV/Ebitda methodology

PMET CN: C\$11.10 based on a 1.0x NPV methodology

PMT AU: A\$1.20 based on a 1.0x NPV methodology

Company-specific disclosures:

PMT AU: A Macquarie analyst(s) involved with the preparation of this research has, in the past 12 months, visited material operations of Patriot Battery Metals Inc. The company furnished local transportation as part of this site visit, which was authorized in adherence with Macquarie policy requirements. A Macquarie analyst(s) involved with the preparation of this research has, in the past 12 months, visited material operations of Patriot Battery Metals Inc. The company furnished local transportation as part of this site visit, which was authorized in adherence with Macquarie policy requirements.

AKE AU: Macquarie Group Limited together with its affiliates owns a net long of 0.5% or more of the equity securities of Alkem Ltd. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Alkem Ltd. **PLS AU:** A Macquarie analyst(s) involved with the preparation of this research has, in the past 12 months, visited material operations of Pilbara Minerals Ltd. The company furnished local transportation as part of this site visit, which was authorized in adherence with Macquarie policy requirements. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Pilbara Minerals Ltd. Macquarie Group Limited together with its affiliates owns a net long of

0.5% or more of the equity securities of Pilbara Minerals Ltd **MIN AU:** Macquarie Group Ltd., one of its subsidiaries or affiliates managed or co-managed a public offering of securities of Mineral Resources Ltd. in the past 12 months, for which it received compensation. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Mineral Resources Ltd. Macquarie Group Limited together with its affiliates owns a net long of 0.5% or more of the equity securities of Mineral Resources Ltd

A reference to "Macquarie" is a reference to the entity within the Macquarie Group of companies (comprising Macquarie Group Limited and its worldwide affiliates and subsidiaries) that is relevant to this disclosure.

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