



# PATAGONIA LITHIUM

28 July 2023

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## QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 30 JUNE 2023

Patagonia Lithium Limited ("Patagonia" or "Company") (ASX:PL3) presents the following report for the period to 30 June 2022 (the Quarter).

### ASX:PL3

#### Issued capital

Shares

58,565,000

Options

5,500,000 at \$0.27

#### Directors

Phillip Thomas

Paul Boyatzis

Gino D'Anna

#### Company

##### Secretary

Jarek Kopias

#### Projects

Formentera/Cilon

Tomas III

#### Next Milestones

Formentera/Cilon

Paso salar

- Drill permit

- Drilling Aug/Sep

Tomas III

Incahuasi Salar

- Drilling Nov/Dec

#### Office

Level 6, 505 Little

Collins Street

Melbourne

### Highlights

- The Company listed on **31 March 2023, PL3** and was able to hire two full time geologists in addition to Phil Thomas, Executive Director and JORC Competent person who visited the projects during May 2023.
- Exceptional results from the three MT survey lines **at Formentera**, conducted in June 2023 where assays of up to **1,122ppm lithium** were recorded, showed a significant volume of low resistivity lithological units (interpreted as brine soaked units or aquifers) described by Jeremy Barrett, geophysicist as "deeper corridors of low resistivity (0.3-2.0  $\Omega$ m) present a gradual transition to higher resistivity at **depths of as much as 1km**".
- Outstanding results were obtained from the surface sampling program conducted in April/May 2023. From the 24 samples assayed 9 had values over 75ppm lithium including one duplicate assayed were 79,119, 238, 166,106, 105, **467, 1,008 and 1,122** ppm;
- A 20 Litre brine sample has been sent to Ekosolve Ltd University of Melbourne lab for a lithium extraction efficiency test and lithium chloride production purity test using their proprietary **Ekosolve™ Direct lithium extraction** system.
- Drill permit for our Tomas III project at Incahuasi salar was granted in April 2023 for **two holes** and the MT survey conducted in June 2023 showed **a very low resistivity unit** on the edge of the tenement which provided a valuable drill target.
- Discussions were held with Spey Resources Corp to "piggy back" on their **upcoming drill program** to partially reduce our mobilisation and drilling costs at Incahuasi salar.
- Meetings continue with the Mining Director in Jujuy to progress our drill permit application following our successful UGAMP process in January 2023 for 10 wells in Formentera/Cilon were conducted. We also had several community meetings in Jama with land owners and the community representatives setting out our 3 qtr work plans.
- Cash balance at 30 June 2023 was AUD\$3.2m.
- Video presentations were made on the Company's progress through Proactive investors - <https://www.youtube.com/watch?v=73wuQkKRvFg>, Hidden Gems share café - <https://www.youtube.com/watch?v=RwpHdAt18MQ>

Focussed lithium brine explorer Patagonia Lithium Ltd (ASX: PL3) is pleased to provide the following update on its activities for the quarter ended 30 June 2023. Patagonia has two highly prospective projects in the lithium triangle in Argentina, Formentera/Cilon concession in the Paso Salar, Jujuy Province and Tomas III in the Incahuasi Salar in Salta Province Northern Argentina.

## EXPLORATION ACTIVITIES

### Formentera/Cilon – Jujuy Province

The Company's concession covers 1,752 hectares or about 17.5 sq kilometres. Cilon was a past borate mine where ulexite was mined. Road access is excellent and there is a large lagoon to the west in the concession. The 52 National highway which is sealed runs past the project and the town of Jama is 10km away, and Susques is 104km away.

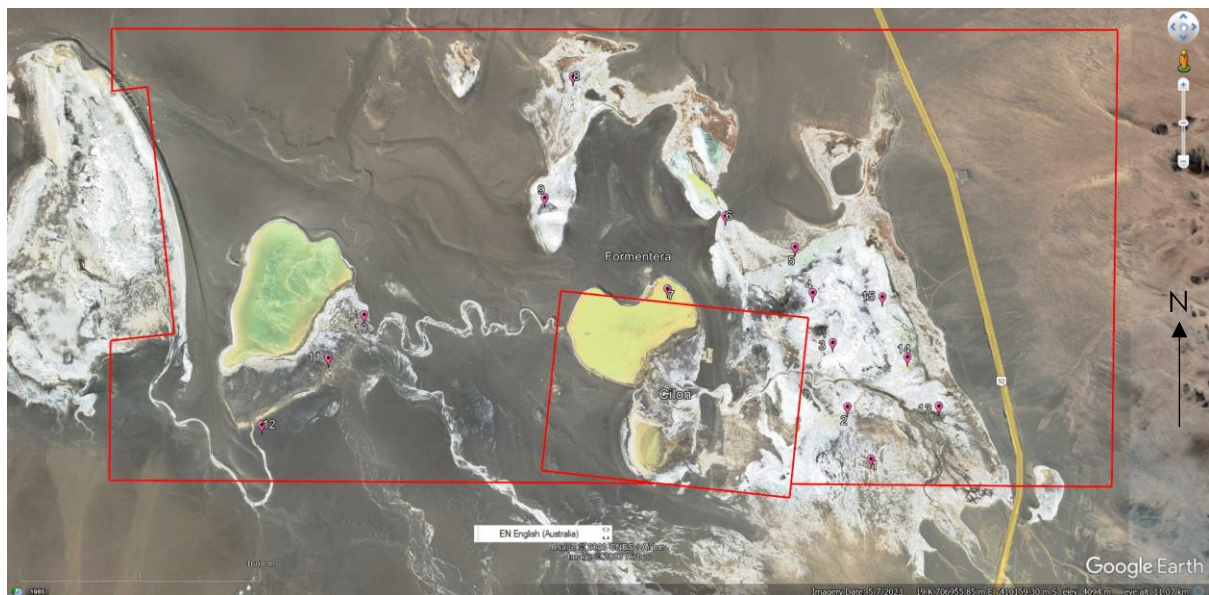


Figure 1 Google Map of Formentera and Cilon concessions with surface sampling points

As a precursor to the **JORC Mineral Resource definition drilling campaign** proposed for Q3 2023, we completed a surface sampling program in May and an MT geophysics program in June 2023, both of which were highly successful.

The drilling campaign is designed to deliver a maiden Mineral Resource at Formentera/Cilon and Tomas III concessions and support proposed future development plans at both Projects. WSP Global has been retained as our geologists and hydrologists to estimate the maiden resource at both projects.

At Formentera/Cilon, 10 drill hole sites have been located with a proposed drill program of 2,000m, and drill spacing of less than 2km allowing for an indicated resource to be computed. Accommodation has been located in the township of Jama and there are sufficient 4WD tracks on the concession for drillers to use a vehicle mounted rig.

The surface sampling has validated the MT geophysics results, in that the three lines show low resistivity below where the highest lithium samples were assayed.

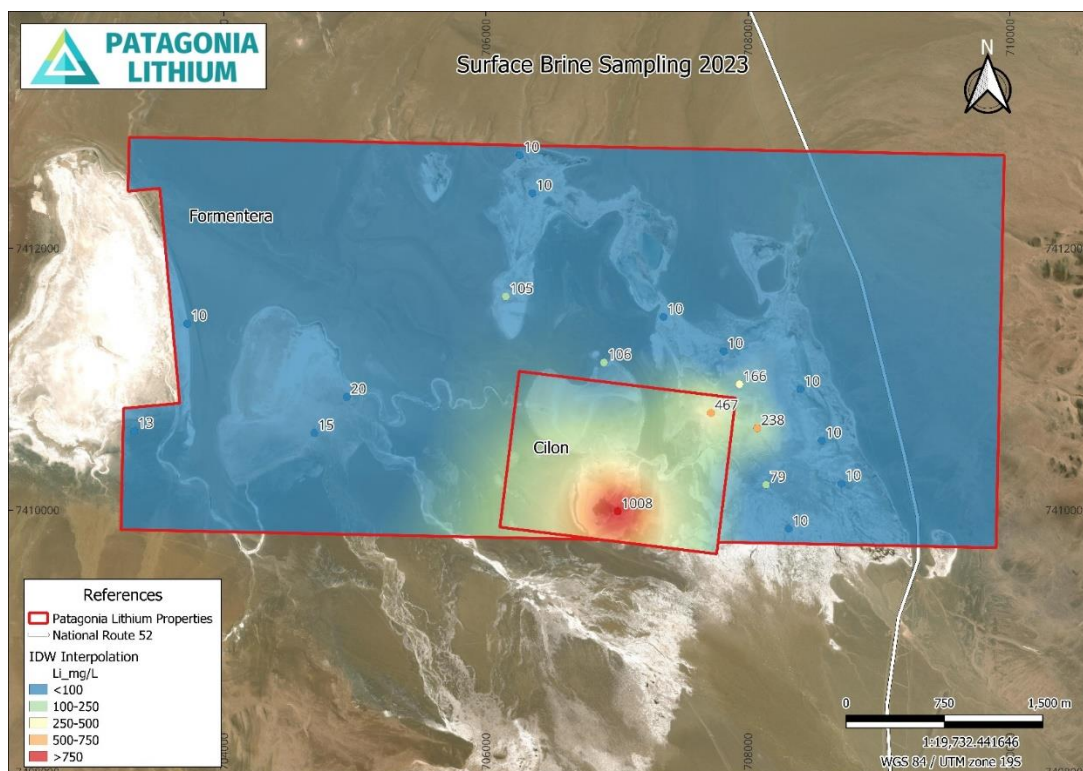


Figure 2 Surface brine sampling heat map show concentration of lithium near borate mine

SGS del Argentina S.A.										
Division Laboratorio.										
Environmental - Salta										
Order:	SA23-00184									
Cliente:	PATAGONIA LITHIUM ARGENTINA S.A.									
Numero de M	28									
Date at Recep	23/05/2023									
Date of Repor	24/05/2023									
Client Referer	PAL01									
Analisis:	Density at 20°C	Boron	Lithium	Magnesium	Mg:Li ratio	Potassium	Sodium	pH	Total Solids in Suspension	
Unit:	kg/m3	mg/L	mg/L	mg/L		mg/L	mg/L	UpH	mg/L	
Méthod:	ASTM D4052-18a	SGS.ME.342	SGS.ME.342	SGS.ME.342		SGS.ME.342	SGS.ME.342	Basado en !	Basado en SM !	
LD:										
LC:										
JAM_01	1000.456	25	<10	36		64	687	7.3	6100	
JAM_02	1020.588	28	79	330	4.18	761	12826	7.5	1900	
JAM_03	1194.428	562	119	1368	11.50	2942	108582	1	<10	
JAM_04	996.184	<10	<10	<10		20	149	5.6	16	
JAM_05	1069.864	143	238	139	0.58	3096	40908	7.9	1000	
JAM_06	1054.456	94	166	240	1.45	2241	30607	7.6	5800	
JAM_07	1059.84	10	<10	18		40	423	7.9	104700	
JAM_08	999.372	17	<10	26		53	414	7.4	1950	
JAM_09	1043.06	195	106	148	1.40	1128	21769	8.6	420	
JAM_10	1064.56	10	<10	18		40	401	7.9	115300	
JAM_11	1055.844	13	<10	40		51	493	7.3	109900	
JAM_12	1035.348	236	105	303	2.89	1286	21769	7.9	2200	
JAM_13	1010.12	94	20	83	4.15	210	3777	8.1	9000	
JAM_14	1028.732	56	15	85	5.67	192	2291	8	49000	
JAM_15	1207.596	618	173	673	3.89	1189	118341	1	60	
JAM_16	996.628	<10	<10	<10		17	145	4.9	<10	
JAM_17	1017.4	31	<10	47		117	954	7.2	39800	
JAM_18	1013.004	92	20	84	4.20	216	3130	7.9	15900	
JAM_19	1035.904	17	<10	53		126	786	7.7	67800	
JAM_20	1026.928	16	<10	76		127	719	7.9	53800	
JAM_21	1180.984	637	1008	788	0.78	9583	103479	7.4	300	
JAM_22	1105.424	489	467	151	0.32	4856	59456	7.6	700	
JAM_23	1005.5	93	13	51	3.92	170	2183	7.9	7100	
JAM_24	1000.336	43	<10	28		107	1151	7.9	10600	
JAM_25	1190.656	629	1122	785	0.70	10154	108371	7.6	9000	
JAM_26	998.312	<10	<10	14		40	301	7.3	1050	
JAM_27	1002.352	90	13	51	3.92	162	2088	8	1650	
JAM_28	998.18	<10	<10	14		34	273	7.3	280	

Table 1 Assays of the 28 samples taken including duplicates (yellow) and standards (blue values)



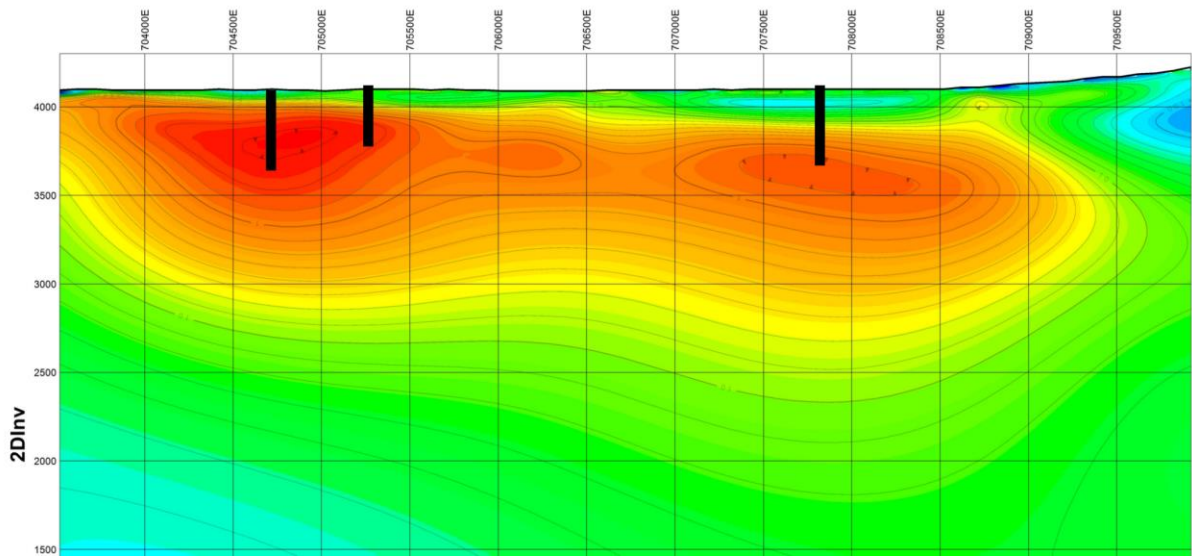


Figure 3 MT 2D inversion section 7412300 showing proposed drill hole locations in low resistivity areas

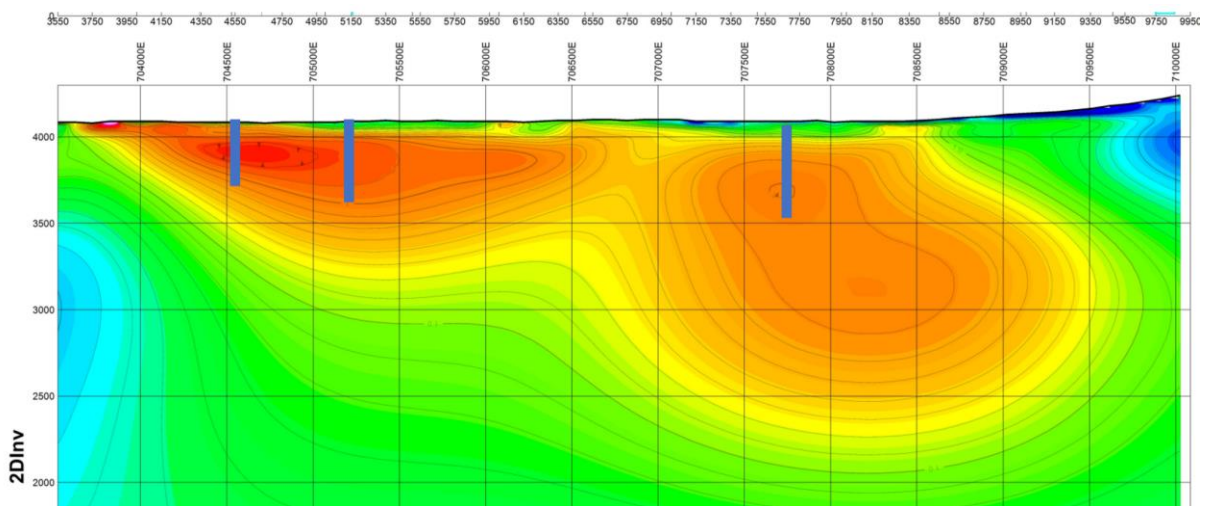


Figure 4 MT 2D inversion section 7411300 showing proposed drill hole locations in low resistivity areas

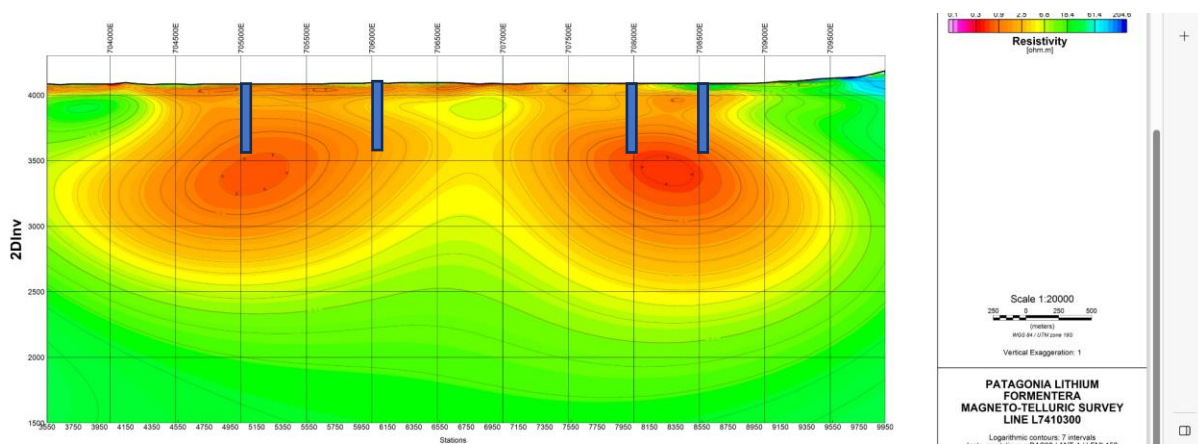
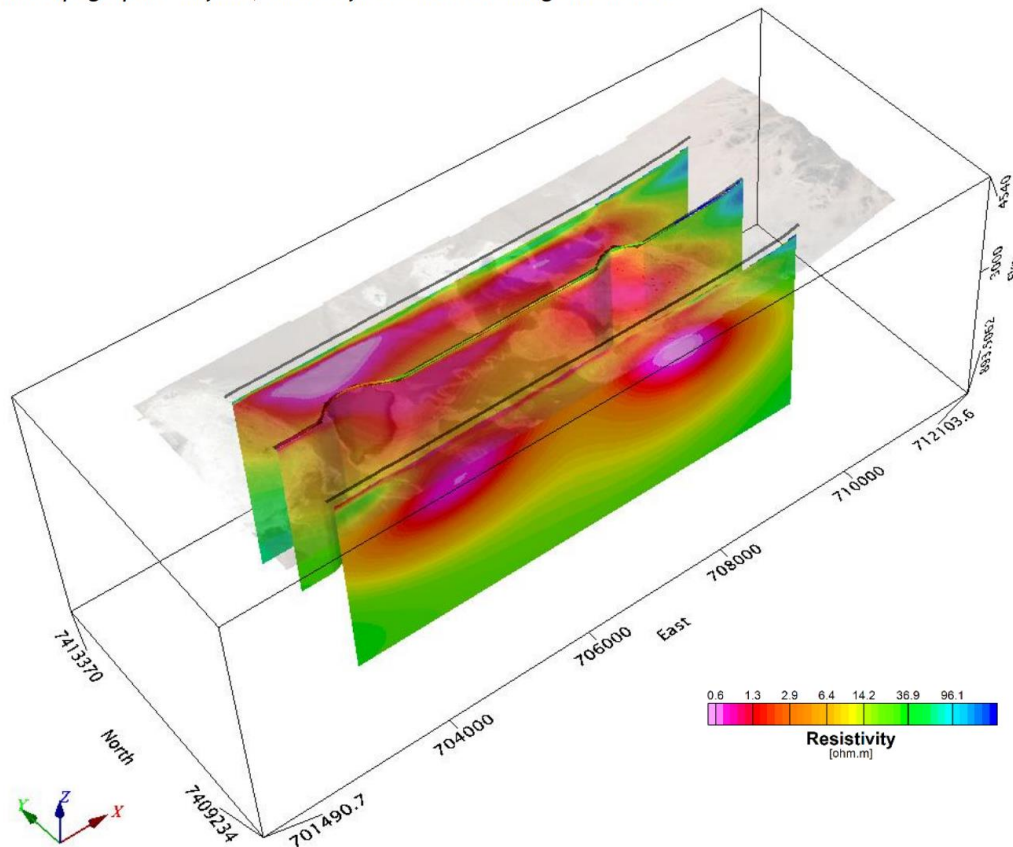


Figure 5 MT 2D inversion section 7410300 showing proposed drill hole locations in low resistivity areas

The vertical depth of each figure is 500m at each minor grid cell. As can be seen there are two major aquifer bodies present more than 5km in length, 1.5km in depth and 3km in width – a cubic volume of approximately 22,500 megalitres.

**Figure 5.1b** - Formentera/Cilon, Paso Jama Salar, MT survey. 2D inversion model resistivity section draped beneath topographic surface, viewed from above looking northeast.



The inversion models for the Magneto-Telluric data describe a conductive setting, with two north northwest trending corridors of low resistivity beneath a sequence of more moderate and low resistivity layering in the uppermost 100m or so. The deeper corridors of low resistivity ( $0.3\text{--}2\ \Omega\text{m}$ ) present a gradual transition to higher resistivity at depths of as much as 1.5km.

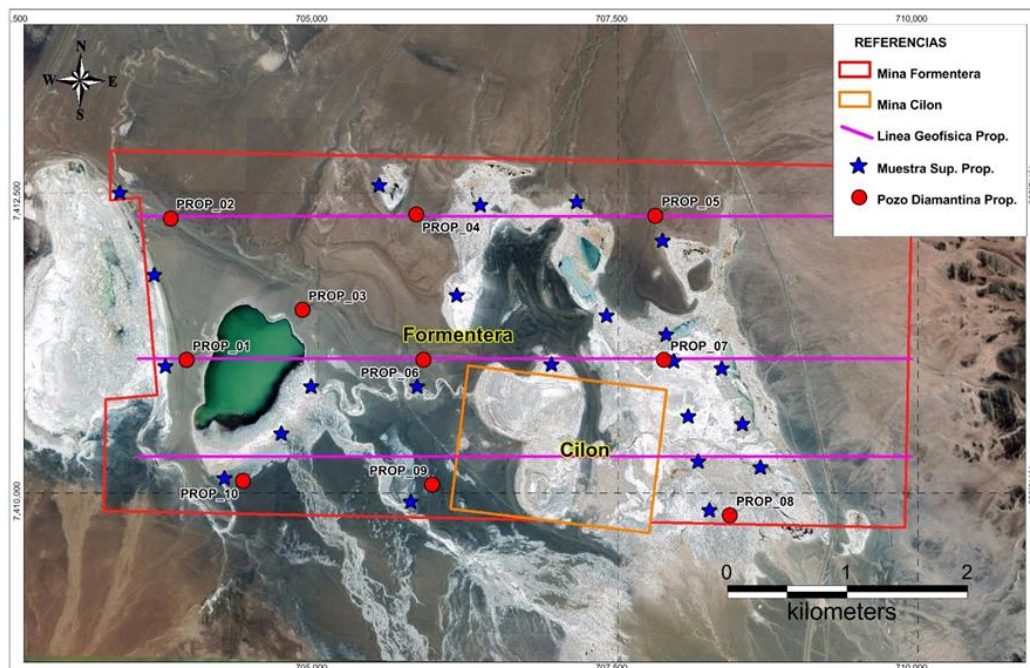


Figure 6 shows sampling and plan view of proposed drill holes (in red) and surface samples blue stars.



## Tomas III – Incahuasi Salar – Salta Province

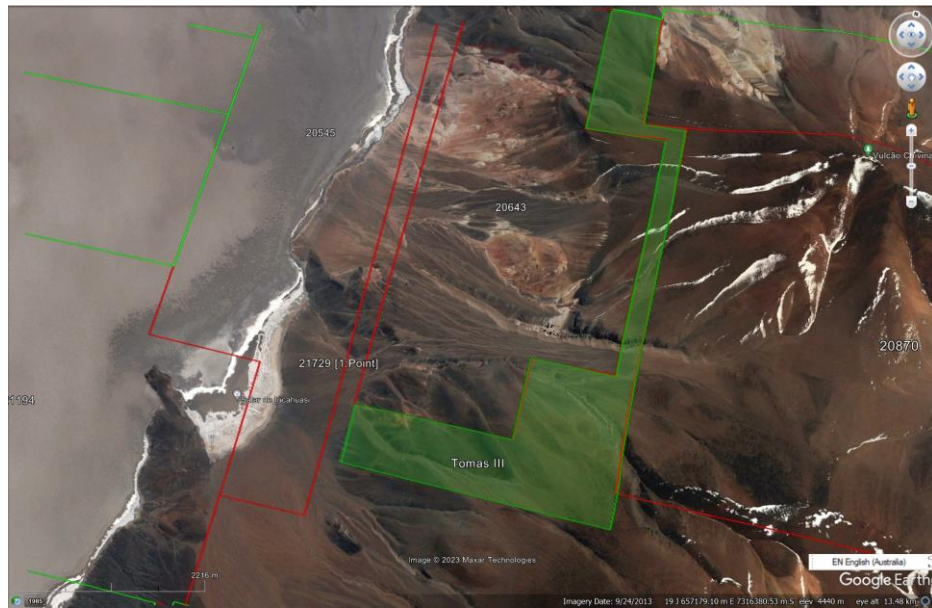


Figure 7 Tomas III concession on the Incahuasi salar with Power Minerals, Ganfeng, Allkem and Spey Resources Corp – town of Tolar Grande is 45km away

This concession covers 591 Has and the southern most section is close to the salar. The MT Survey was completed to investigate what was under the alluvial fan given the results other explorers adjacent to the area such as Power Minerals (ASX:PNN) has achieved. The results were exceptionally encouraging with very low resistivity lithological unit close to the surface. This is sufficient to justify a two hole program.

**Figure 5.1b** - Tomás III, MT survey. 2D inversion model resistivity section draped beneath topographic surface, viewed from above looking northeast.

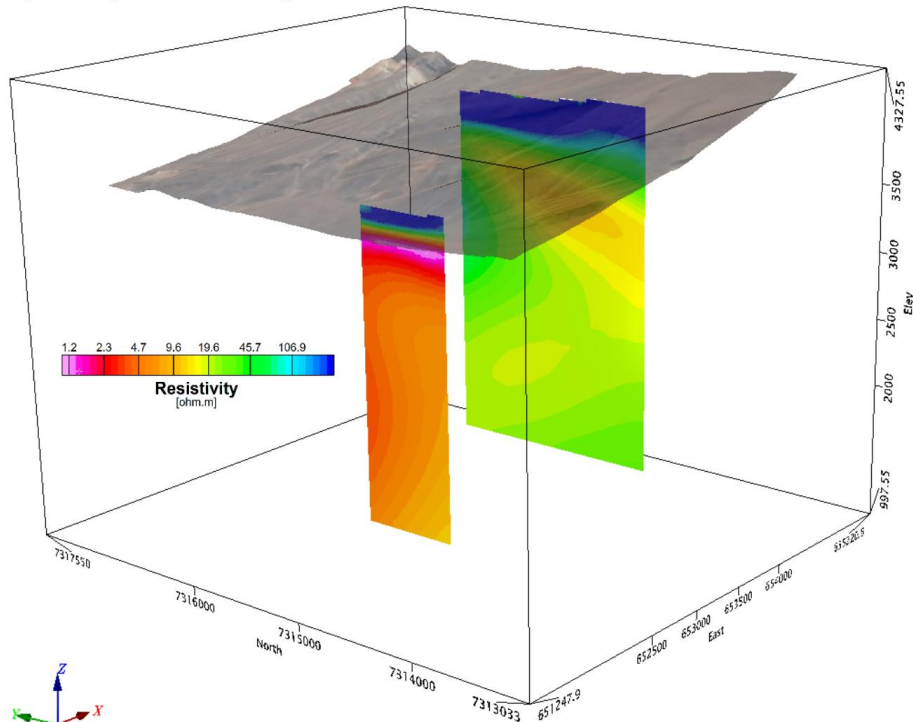


Figure 8 Shows resistivity over a large section to a depth of 400m (4327m – 3900m) at less than 3.5Ωm.

Our exploration program at both concessions are on track, with the next milestone at Formentera Cilon being the granting of drill permits.

Patagonia Lithium Limited ASX:PL3 Activity-Indicative timetable													
Formentera/Cilon	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Activity													
Completion of drill permit data**													
Issue of Drilling permit***													
Sampling past exploration holes*													
Mapping Recharge water courses*													
Pegging geophysics MT lines, line prep*													
MT Geophysics*													
MTGeophysics reports*													
Drill hole analysis from Geophysics*													
Pegging drill hole locations, drill pad prep**													
Contract drillers, logistics**													
Conduct packer, flow tests**													
Estimate Inferred, Indicated Resource JORC													
DLE process study and selection													
Pre-engineering extended Brine release, flow tests**													
Production planning/production well drilling**													
Environmental base line and 6mth update report													
Incahuasi													
Activity													
Completion of social survey													
Issue of Drilling permit***													
Mapping Recharge water courses*													
Pegging geophysics CSAMT lines, line prep*													
CSAMT Geophysics survey*													
CSAMT Geophysics reports*													
Drill hole location analysis from Geophysics*													
Pegging drill hole locations, drill pad prep**													
Contract drillers, logistics**													
Conduct packer, flow tests**													
Base line environmental Report													
Note													
* The required permits have been granted to PL3 by the relevant authority to undertake these exploration activities.													
** The required permits have been applied for but not yet granted to PL3 by the relevant authority to undertake these exploration activities.													
*** The issue of the drilling permits may be delayed longer than anticipated and hence other work reliant on these permits will be delayed													

We have received drilling quotations from two drilling companies for the 2,000m program at Formentera/Cilon but waiting on the permit to finalise discussions.

## CORPORATE

The Company maintained a strong cash position of AUD\$3.2 million as at 30 June 2023. As outlined in the attached Appendix 5B during the Quarter, approximately \$77,000 in payments were made to related parties and their associates for director salaries, superannuation and consultancy fees associated with services provided to June 2023.

The Company spent \$278,000 in relation to exploration activities primarily related to the sampling programs at the Company's lithium projects.

Pursuant to ASX listing rule 5.3.4, the Company advises the proposed use of funds contained in section 4.11 of the Company's Supplementary Prospectus in comparison to the actual use of funds following admission to the official list of the ASX. The expenditure is materially in line with the IPO prospectus.

Use of funds	Prospectus use of funds (\$'000)	Actual to 30 Jun-23 (\$'000)	Remaining balance (\$'000)
Expenses of the offer	812	875	(63)
Project Vendor payments	3,765	3,735	30
Exploration	1,725	278	1,447
Working capital	2,298	428	1,870
<b>Total expenditure</b>	<b>8,600</b>	<b>5,316</b>	<b>3,284</b>

## TENEMENTS

Name	Location - Argentina	File No	Area Has
Formentera	Jujuy province	518 P2016	1752
Cilon	Jujuy Province	121 I 1993	199
Tomas III	Salta Province	24142	591

The Company's tenements are all 100% held. There have been no changes to the Company's tenements during the quarter.

Patagonia confirms that the Company is not aware of any new information or data that materially affects the results listed in this announcement:

### 2023

17 May	Surface Sampling Program completed at Formentera and Cilon
29 May	Patagonia Lithium completes geophysics survey on Tomas III
2 June	Sampling at Formentera and Cilon Assays 1,122ppm Lithium
13 June	Survey Results Identify Excellent Drill Targets
15 June	MT Geophysics Defines Significant Prospective Drill Targets
4 July	Geophysics Generates Significant Prospective Drill Targets

Authorised for release by the Board of Patagonia Lithium Limited.

For further information please contact:

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Executive Chairman  
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E: [phil@patagonialithium.com.au](mailto:phil@patagonialithium.com.au)

Additional information is available at [www.patagonialithium.com.au](http://www.patagonialithium.com.au).

### About Patagonia Lithium Limited

Patagonia Lithium Ltd is an ASX-listed lithium exploration company with highly prospective projects based on sampling and geophysics. It is focused on the systematic exploration and development of its projects using Ekosolve™ Direct lithium extraction process to minimise fresh water usage and maximise recovery.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Patagonia Lithium Ltd

ABN

37 654 004 403

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(90)	(90)
	(e) administration and corporate costs	(325)	(459)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(13)	(13)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(428)</b>	<b>(562)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(278)	(357)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(278)</b>	<b>(357)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	235	4,129
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(566)	(580)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(94)	(94)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(425)</b>	<b>3,455</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>4,352</b>	<b>684</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(562)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(278)	(357)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(425)	3,455

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4.5	Effect of movement in exchange rates on cash held	5	6
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,226</b>	<b>3,226</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,226	4,352
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,226</b>	<b>4,352</b>

6.	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	77
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
6.1 Includes payments of directors fees totalling \$90K and \$17K for investor relations		

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>-</b>	<b>-</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		



	<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(428)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(278)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(706)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,226
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,226
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.6
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by: the Board  
(Name of body or officer authorising release – see note 4)

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.