



## QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2023

Patagonia Lithium Limited ("Patagonia" or "Company") (ASX:PL3) presents the following report for the period to 30 September 2023 (the Quarter).

### ASX:PL3

#### Issued capital

Shares

58,565,000

Options

14,641,250 (\$0.30)

5,500,000 (\$0.27)

#### Directors

Phillip Thomas

Paul Boyatzis

Gino D'Anna

Sam Qi

#### Company

##### Secretary

Jarek Kopias

#### Projects

Formentera/Cilon

Tomas III

#### Next Milestones

Formentera/Cilon  
Paso salar

- Drill permit
- Drilling  
Formentera
- MRE estimate

#### Office

Level 6, 505 Little  
Collins Street  
Melbourne

### Highlights

- A 20 Litre brine sample was sent to the Ekosolve Ltd pilot plant at the University of Melbourne Chemical Engineering division. A lithium extraction efficiency test and lithium chloride and lithium Carbonate production purity test was conducted using their proprietary **Ekosolve™ Direct lithium extraction** system. The results were outstanding achieving **92.1% extraction efficiency** of lithium from the brines and **99.89% purity of the lithium carbonate** produced using the advanced process developed. This is an excellent result and samples will be available for off-takers to assay in the future.
- The Company completed electro (t,x) and magnetic (x,y,z) analysis of the exceptional results from the three MT survey lines **at Formentera**, conducted in June 2023. 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**".
- Meetings continue with the Mining Director, Secretary of Mines and Minister in Jujuy to progress our drill permit application. This follows our successful UGAMP process in January 2023 and drill plan application in July 2023 for 10 wells in Formentera/Cilon.
- The Company was oversubscribed in the \$0.01 listed options rights issue raising approximately \$146,000. The loyalty option issue was to reward shareholders for investing in the Company. The options expire in December 2025 and have an exercise price of \$0.30.
- Cash balance at 30 September 2023 was \$2.88 million.

Focussed lithium brine explorer Patagonia Lithium Ltd (ASX: PL3) is pleased to provide the following update on its activities for the quarter ended 30 September 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 approx 17.5 sq kilometres. Cilon was a past borate mine where ulexite was mined. Sealed 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.

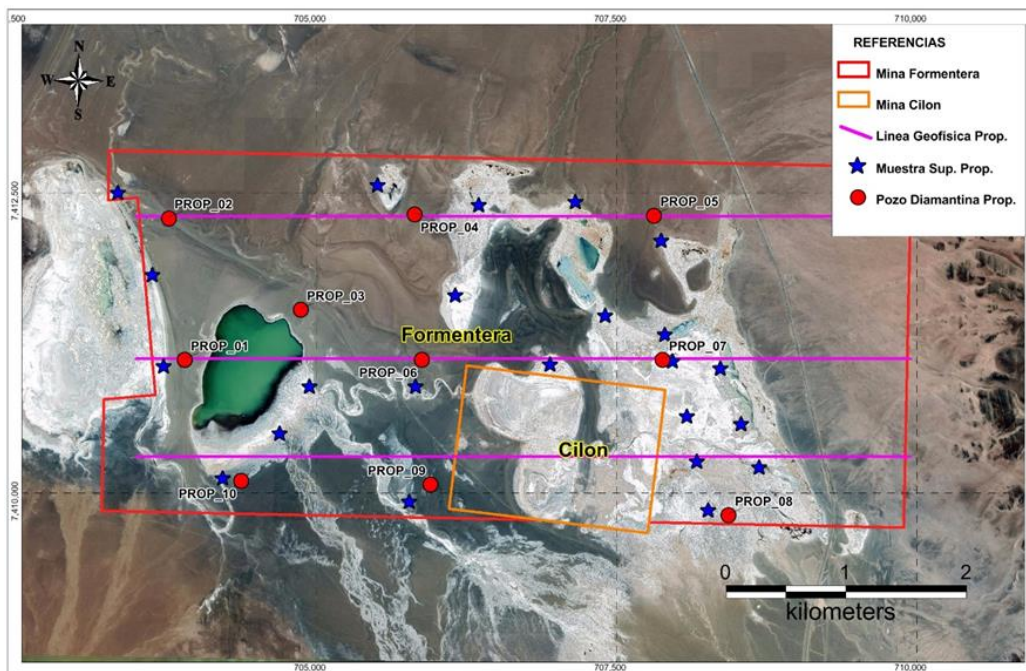


Figure 1 shows sampling and plan view of proposed drill holes (in red) and surface samples blue stars.

As a precursor to the **JORC Mineral Resource definition drilling campaign** proposed for Q4 2023-Q1-2024 (subject to permits being granted), the Company completed a surface sampling program in May 2023 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 Estimate ("MRE") at Formentera/Cilon and support proposed future production plans. WSP Australia has been retained as our geologists and hydrologists to estimate the maiden MRE.

At Formentera/Cilon, the drill plans for 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. This information has been presented in detail to the Mines department in Jujuy in September 2023. The Company has been in constant

contact with the mines department from July 2023 when drill plans were finalised and a drill permit application was submitted.

### Ekosolve™ Direct Lithium Extraction Results

Lithium brines with an average lithium content of 267ppm were collected and tested at the Ekosolve Pilot Plant at University of Melbourne and outstanding results were achieved of **superior battery grade** of lithium carbonate at 99.89% and lithium chloride at 99.42% respectively on the first wash. A further wash increased the purity to 99.92% with very low levels of deleterious elements (See ASX announcement “99.9% Lithium Carbonate Produced from Formentera Brines” on 16 October 2023.

Ekosolve and the University of Melbourne provided a very detailed report that will greatly assist with engineering if the Board decides to go into production after a MRE is estimated and a positive feasibility study.

Set out below are the assays received from Ekosolve Ltd\*.

### III. Characterization of the lithium product

To characterize the white crystals, 0.1000±0.0002 g was weighed after drying and then dissolved in 10 mL 0.1 mol/L nitric acid. This solution was then diluted in 100 times and sent for ICP-OES analysis.

The compositions of white crystals are shown in **Table 5**.

**Table 5** Compositions of white crystals from crystallization process from Patagonia brine strip liquor

Sample name	Number of hot washing	Unit in mg/L						
		[B]	[Ca]	[Fe]	[K]	[Li]	[Mg]	[Na]
Patagonia strip liquor – 1W	1	0.0345	0.30	0.09	<b>8.33</b>	2035	0.07	<b>3.13</b>
Patagonia strip liquor – 2W	2	0.0352	0.37	0.11	<b>0.72</b>	2090	0.09	<b>0.26</b>
Patagonia strip liquor – 3W	3	0.0363	0.41	0.11	<b>0.40</b>	2136	0.08	<b>0.20</b>

The purity of all cations is calculated in mg cation/g crystal based on mass and in % cation/total cations based on concentration. The results are presented in **Table 6**.

**Table 6** The purity of all cations in white crystals from Patagonia brine strip liquor after 3 hot washings

Sample name	Based on mass, unit in mg cation/g crystal							Lithium Grade	Lithium%
	B	Ca	Fe	K	Li	Mg	Na		
Patagonia strip liquor – 1W	0.003	0.028	0.009	0.769	187.8	0.007	0.289	99.890%	99.415%
Patagonia strip liquor – 2W	0.003	0.033	0.010	0.065	187.8	0.008	0.023	99.986%	99.925%
Patagonia strip liquor – 3W	0.003	0.036	0.009	0.036	187.8	0.007	0.018	99.989%	99.942%
$\text{*Lithium Grade} = \frac{(Mass_{Li_2CO_3} - Mass_{impurities})}{Mass_{Li_2CO_3}}, \text{Lithium\%} = \frac{Mass_{Li}}{Mass_{Li+impurities}}$									

Further improvement to the purity of lithium product obtained may be obtained via a further systematic crystallization study.

## CORPORATE

The Company maintained a strong cash position ending the quarter with a balance of \$2.9 million as at 30 September 2023. As outlined in the attached Appendix 5B, approximately \$70,000 in payments were made to related parties and their associates for director salaries, superannuation and consultancy fees associated with services provided to September 2023. Subsequent to the end of the quarter, the Company raised \$146,000 (before costs) via an entitlement issue.

The Company spent \$91,000 in relation to exploration activities primarily related to the sampling programs and MT Geophysics at the Company's lithium projects.

On 7 August 2023, Patagonia announced the appointment of Mr Feiyu (Sam) Qi to the Board of Directors. Sam has substantial experience in the lithium product and related battery and EV markets.

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 Sep-23 (\$'000)	Remaining balance (\$'000)
Expenses of the offer	812	875	(63)
Project Vendor payments	3,765	3,735	30
Exploration	1,725	369	1,356
Working capital	2,298	621	1,677
<b>Total expenditure</b>	<b>8,600</b>	<b>5,600</b>	<b>3,000</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:

### Press Releases During the September 2023 Quarter

4 July	Geophysics Generates Significant Prospective Drill Targets
7 Aug	New Director Appointment
28 Aug	CEO Update
4 Sep	Patagonia Lithium to Undertake Entitlement Offer
12 Sep	PL3 prospectus listed option issue \$0.01
12 Sep	92% Lithium Extraction from Formentera Brines
16 Oct	99.9% Lithium Carbonate Produced from Formentera Brines

Authorised for release by the Board of Patagonia Lithium Limited.

For further information please contact:

Phillip Thomas  
Executive Chairman  
**Patagonia Lithium Ltd**  
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 and contemplates using the Ekosolve™ Direct lithium extraction process to minimise fresh water usage and maximise recovery.

\*Mr Phillip Thomas is a Director and Shareholder of Ekosolve Ltd.

## Appendix 5B

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

Name of entity

Patagonia Lithium Limited

ABN

37 654 004 403

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(66)	(156)
	(e) administration and corporate costs	(127)	(586)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	(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>(193)</b>	<b>(755)</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	(91)	(448)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 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>(91)</b>	<b>(448)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(18)	(598)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(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>(18)</b>	<b>3,437</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	3,226	684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(193)	(755)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(91)	(448)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	3,437
4.5	Effect of movement in exchange rates on cash held	(44)	(38)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,880</b>	<b>2,880</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,880	3,226
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>2,880</b>	<b>3,226</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	66
6.2	Aggregate amount of payments to related parties and their associates included in item 2	4
<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		
6.2 Includes exploration consulting services provided by a director		



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

<b>7. 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>	-	-
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)	(193)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(91)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(284)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,880
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,880
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	10.1
<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: 26 October 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.