



PATAGONIA LITHIUM

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24 May 2024

Chairman's Address – 2024 Annual General Meeting

Commodity Overview

2023 and 2024 has seen notable progress at Patagonia Lithium Ltd. The lithium price took a major fall from US\$80,000 per tonne on 24 Dec 2022 for battery grade lithium carbonate to below US\$13,900 in February 2024 and slowly rebounded to the current levels of circa US\$15,000 in May 2024. This substantially depressed explorers' share price across the board.

Rare earth prices followed the lithium price trend with Neodymium used in NbFeB magnets in EV's falling from US\$208,000 in 2022 to circa US\$73,000 today. Terbium oxide is the standout used in LED screens and lasers with a 500% increase in price from 2022. We are exploring for Cerium oxide, Lanthanum oxide, Praseodymium oxide and Neodymium oxide which are the four most commercial rare earth elements.

Niobium remained strong in an otherwise depressed nickel and copper market during 2023 and the surge in copper prices has reflected supply in 2024. Annual growth of niobium is predicted to be 5% per annum to 2028 adding another US\$500m in demand. Brazil accounts for 89% of the world's niobium production and Canada about 9%. We have staked adjacent to one of the largest niobium mines in Brazil (CMOC) which is part of the Catalão I carbonatite rare earth complex. Catalão I is part of the Alto Paranaíba igneous province in the Goias Province of Brazil.

Sales of electric vehicles in China rose by 14.7% in the first quarter of 2024, slowing from 20.8% in 2023 and well under the triple-digit growth rates commonly seen in late 2022. The developments forced major producers to cut prices, (including Tesla) despite a batch of incentives to consumers from Beijing, as macroeconomic headwinds in China dampen appetite for large purchases. Consequently, battery producers continued to take advantage of high inventories of input materials and finished product following the supply glut caused by extensive subsidies in 2022 and refrained from entering the market.

Patagonia Milestones

The key milestones we have achieved since last year's IPO were:

- Assaying our maiden drill hole JAM 24-01 and surveying a 200m aquifer zone with several packer tests and assaying **591 ppm of lithium** and achieving a pump rate of 8L/min. This is world class project statistics.
- Staking 41,409 Hectares of ground in Brazil in 5 areas exploring for rare earths, both in ionic clays and carbonatites/monazites, niobium in alkaline rocks and phosphates, and

lithium in pegmatites. An initial survey following on from the satellite geophysics identified some key areas that were subsequently sampled, and more than 80 samples were taken for laboratory analysis.

- Our preferred lithium DLE extraction system Ekosolve™ was able to extract 92% of the lithium from sub surface brines which was a great result. Preparations are underway to test the best methods of disposing of the waste brine to report to the mines department secretary in Jujuy. These include reinjection, waste brine evaporation ponds, pumping into the Jama lagoon, and a solar powered desalination plant.
- Gino D’Anna and Paul Boyatzis resigned as directors. Both gentlemen made a significant contribution to our progress having expertise in pegmatite exploration and we thank them for their contributions since the Company’s IPO in March last year.
- Rick Anthon accepted a director role in January 2024, and we are grateful for Rick’s contributions to date which reflect his substantial experience with lithium brines and the management of the issues faced in Argentina and production in the lithium industry. Further, we welcomed Sam Qi to the board during 2023 and look forward to his ongoing contributions throughout the year.
- Our Argentinian team led by Rosario Mariotti has worked tirelessly to achieve our milestones and the board thanks her for her efforts. Our three geologists have done a great job identifying drill well locations, working with me on MT geophysics surveys, and testing and QA/QC on sampling brine and drill hole core as well as detailed mapping, packer testing and lining wells. Our lawyers Sebastian Virigili and Andrea Clapier have worked tirelessly with the mining department maintaining our concessions, lodging EIA’s and reviewing contracts. Our environmental engineer Gabriel Blasco has submitted five EIA monitoring studies. Our accounting team led by Miguel Hadad has produced our monthly numbers in Argentina and submitted tax data, and other critical documents on time.
- Congratulations to our Australian accountant Greg Hammond for his detailed work consolidating our two foreign subsidiaries and producing our quarterly numbers on time and managing our audit.

One of our key future milestones is producing a Mineral Resource Estimate and to this end Jason Van der Akker a senior hydrologist from WSP Australia visited the project and familiarised himself with our two concessions, the salar landscape and our drill core. Our QA/QC procedures were examined in detail and we are using two laboratories in Salta and Jujuy to assay samples. We also made a detailed review of our chain of custody to ensure it was tamperproof.

Our ESG governance is continually monitored in Argentina and is a priority for us. We did not record any accidents or near calls which reflects our disciplined approach to exploration practices. We intend to have a zero carbon footprint when we go into production.

On behalf of the board, I would like to thank all our staff, contractors and shareholders for their contribution and support during the year.

Phillip Thomas
Executive Chairman

Authorised for release by the Board of the Company.

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About Patagonia Lithium Ltd

Patagonia Lithium has two major lithium brine projects – Formentera/Cilon in Salar de Jama, Jujuy province and Tomas III at Incahuasi Salar in Salta Province of northern Argentina in the declared lithium triangle. It has also applied for **41,746 Ha**s of concessions exploring for **ionic REE clays, Niobium, and lithium in pegmatites**. The Company has applied for four exploration concession packages. 16 concessions have been granted to date in Minas Gerais, Mato Grosso state and two in the Goias state adjacent to the Catalão rare earth complex.

Since listing on 31 March 2023, surface sampling and MT geophysics have been completed, drill hole JAM24-01 completed and Jam 24-02 is underway. Progress to date has been exceptional as measured by lithium assays. The MT Geophysics at Tomas III on Incahuasi salar is very prospective. In July 2023, a 10 hole drill program was approved for Formentera and a three well program for Cilon is pending. Samples as **high as 1,100ppm lithium** (2 June 2023 announcement) were recorded at Formentera and a Lithium value of **591ppm in well JAM 24-01**. Very low resistivities were recorded to more than a kilometre depth during the MT Geophysics survey at Formentera. The Company confirms it is not aware of any new information or data that materially affects the information in this announcement including “92% Lithium Extraction from Formentera Brines” on 12 September 2023 and “Outstanding Assay Results from First Drilling in Argentina” on 3 May 2024.