

26 February 2025

Mr Dale Wang
ASX Compliance Pty Ltd
Level 50, South Tower Rialto
525 Collins Street Melbourne VIC 3000

Dear Dale

Patagonia Lithium Ltd – Response to ASX Compliance with Listing Rule 12.2 letter

Patagonia Lithium Ltd (ASX:PL3, Patagonia or Company) provides the following responses to your letter dated 21 February 2025. Text has been copied from the ASX letter and *repeated in blue below*.

- 1. Does PL3 consider that the financial condition of PL3 is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2?*

Yes.

- 2. If the answer to question 1 is “yes” please explain the basis for that view and also comment specifically on each of the following.*

PL3 has continued to pursue various funding solutions and, as you may be aware, on 24 February 2025 announced a:

- share placement of 12,500,000 fully paid ordinary shares at an issue price of A\$0.08 per Share, under a private placement to Magnus Capital S.A., to raise \$1.0 million (**Placement**); and
- fully underwritten entitlement offer, three (3) new Shares for every seven (7) Shares held, also at an issue price of A\$0.08 per New Share to raise \$2.56 million (**Offer**).

Capital structure

74.8m - PL3 shares
14.6m - PL3O quoted options
13.2m - unquoted options
2.0m – unquoted performance rights

Patagonia Lithium Ltd
Level 6, 505 Little Collins Street
Melbourne VIC 3000
<https://patagonialithium.com.au/>

Board

Phil Thomas - Exec Chair
Rick Anthon - NED
Pablo Tarantini - NED
Jarek Kopias - Co Sec

Materially, the Entitlement Offer is fully underwritten by existing substantial shareholder, Dr Jose Luis Manzano. Dr Manzano participated in a share placement to raise \$1.34 million in November 2024 and has committed to support the Company's business objectives through further funding support.

2.1 the estimated quarters funded of 0.04 disclosed in PL3's Appendix 4C;

See above.

2.2 status of each of the ongoing funding initiatives mentioned under paragraph A(iv) to A(vii); and

A (iv)

*"On 18 December 2024, the Company announced it had received a commitment to raise \$1.85 million before cost upon the issue of 18,500,000 fully paid ordinary shares. The placement was arranged with Hiro Corporation, a listed US entity. **The funding mechanism they were intending to put in place has been subject to listing rules and other considerations incurring delays and is being worked through by their CFO to resolve as soon as possible.**"*

As announced to the market on 24 February 2025, Patagonia has terminated this \$1.85 million placement following difficulty by Hiru Corporation (Hiru) in securing the required funding. The Company believes that Hiru remains a funding option in the future and continues to progress discussions in sourcing the next phase of funding when required.

A (v)

*"On 2 July 2024 Southeast Mingqing Supply Chain (Fuyang) Co Ltd signed a binding Commitment Deed to underwrite any shortfall on **the entitlement issue for \$1.65m which, at closing, had a shortfall of \$1.64m. The main reason for the inability to transfer the funds was time taken to received Overseas Funds Transfer approval.** Fuyang continues to update us on progress and advised it intends to complete a subscription of funds."*

Fuyang continued to face difficulty to receive Overseas Funds transfer approval. As announced to the market on 24 February 2025, Patagonia terminated the commitment deed with Fuyang.

A (vi)

"On 16 December 2024, **ability to issue shortfall under the Company's entitlement issue** to Fuyang Mingjin New Energy Development Co Ltd ("Fuyang") and Southeast Mingqing Supply Chain (Fuyang) Co Ltd ("Mingqing") whereby they were entitled to subscribe for \$412,500 in shares at 9 cents per share **has expired.**"

Per item A(v) above, this agreement has been terminated.

A (vii)

"Dr Jose Manzano, a senior business executive with numerous large business interests in Argentina and USA subscribed for \$1,343,920 at 9 cent shares. Subsequent to the investment Pablo Tarantini, a senior executive in the Integra group was appointed to the board and strategy discussions are on foot for assistance in funding the next stage of development."

The next stage of development / funding has been secured as described in item 1 above.

2.3 the Independent Auditor's Review Report containing material uncertainty related to going concern (paragraph B above).

Paragraph B states:

The Independent Auditor's Review Report by PL3's auditor Hall Chadwick, included in PL3's Half Year Financial Report for the period ending 30 June 2024 and lodged on MAP on 12 September 2024, which disclosed:

"Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicate that the Group recorded a loss of \$59,739. Additionally, the Group experienced negative operating cash flows of \$365,635 during the half-year ended 30 June 2024. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified concerning this matter."

An auditor is required to include an emphasis of matter in their audit opinion where an entity cannot demonstrate 12 months or more of funds available to meet its committed business objectives. The material uncertainty regarding going concern is very common for junior exploration companies.

Subsequent to lodgement of the Company's half-year report for the six month period to 30 June 2024, PL3 raised approximately \$1.4 million (September 2024 to November 2024) to address the Company's cash position, the subject of the half-year review.

See also the subsequent Placement and Offer announced on 24 February 2025 to raised \$3.56m.

3. *If the answer to question 1 is "no", please explain what steps PL3 has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.*

Not applicable.

4. *Does PL3's board consider that there are reasonable grounds to believe that PL3 will be able to pay its debts as and when they become due and payable?*

Yes. PL3's board consider that there are reasonable grounds to believe that PL3 will be able to pay its debts as and when they become due and payable.

In answering this question, please explain the basis for that view and comment specifically on the financing facilities matured in January 2025 and disclosed in Appendix 4C (paragraph A(ii) above).

Please see above regarding the announcement dated 24 February 2025 regarding the Placement and Offer to raise \$3.56m.

With regards to the \$335,000 in convertible notes that were originally due to expire on 10 January 2025, these convertible notes are to be repaid from the proceeds of the Placement.

Further, Mr Thomas, the Company's Executive Chairman, has confirmed his willingness to further financially support the Company to ensure that the Company can pay its debts as and when due should further be required in the intervening period, including but not limited to the \$505,974 in short term funding that was due to repayment on 14 January 2025 – of this amount approximately \$415,000 is owed to Mr Thomas and associated entity Gurtan Pty Ltd.

5. Please confirm that PL3 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

PL3 confirms that the Company is complying with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that PL3's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PL3 with delegated authority from the board to respond to ASX on disclosure matters.

PL3 confirms that the Company's responses to the questions above have been authorised and approved by its board.

Regards,

Jarek Kopias
Company Secretary
Patagonia Lithium Ltd



21 February 2025

Reference: 106457

Mr Jarek Kopias
Company Secretary
Patagonia Lithium Ltd
Level 6, 505 Little Collins Street
Melbourne VIC 3000

By email: jarek@kopias.com.au

Dear Mr Kopias

Patagonia Lithium Ltd ('PL3'): Compliance with Listing Rule 12.2

ASX refers to the following:

- A. PL3's announcement titled "Quarterly Activities and Cashflow Report 31 December 2024" lodged on ASX Market Announcements Platform ('MAP') on 30 January 2025 ('Appendix 4C'), which disclosed (relevantly, emphasis added):
- i. PL3 had an estimated 0.04 quarters of funding available. ASX notes this is in fact 0.036 quarters.
 - ii. PL3 had **"convertible notes with an issue price of \$335,000 with a conversion price of \$0.09 that expire on 10 January 2025"** and **\$505,974 short-term funding "due for repayment on 14 January 2025."**
 - iii. PL3 expected it would continue to have the current level of net operating cash flows as **"Exploration activity is planned to continue, primarily in Argentina."**
 - iv. **"On 18 December 2024, the Company announced it had received a commitment to raise \$1.85 million before cost upon the issue of 18,500,000 fully paid ordinary shares. The placement was arranged with Hiro Corporation, a listed US entity. The funding mechanism they were intending to put in place has been subject to listing rules and other considerations incurring delays and is being worked through by their CFO to resolve as soon as possible."**
 - v. **"On 2 July 2024 Southeast Mingqing Supply Chain (Fuyang) Co Ltd signed a binding Commitment Deed to underwrite any shortfall on the entitlement issue for \$1.65m which, at closing, had a shortfall of \$1.64m. The main reason for the inability to transfer the funds was time taken to received Overseas Funds transfer approval. Fuyang continues to update us on progress and advised it intends to complete a subscription of funds."**
 - vi. **"On 16 December 2024, ability to issue shortfall under the Company's entitlement issue to Fuyang Mingjin New Energy Development Co Ltd ("Fuyang") and Southeast Mingqing Supply Chain (Fuyang) Co Ltd ("Mingqing") whereby they were entitled to subscribe for \$412,500 in shares at 9 cents per share has expired."**
 - vii. **"Dr Jose Manzano, a senior business executive with numerous large business interests in Argentina and USA subscribed for \$1,343,920 at 9 cent shares. Subsequent to the investment Pablo Tarantini, a senior executive in the Integra group was appointed to the board and strategy discussions are on foot for assistance in funding the next stage of development."**
- B. The Independent Auditor's Review Report by PL3's auditor Hall Chadwick, included in PL3's Half Year Financial Report for the period ending 30 June 2024 and lodged on MAP on 12 September 2024, which disclosed:

“Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicate that the Group recorded a loss of \$59,739. Additionally, the Group experienced negative operating cash flows of \$365,635 during the half-year ended 30 June 2024. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified concerning this matter.”

- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. Listing Rule 12.2 which states:

“An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.”

- E. Section 14 of Guidance Note 14, which states:

“Any forward looking statements in an announcement... must be based on reasonable grounds or else by law they will be deemed to be misleading.”

Request for information

Having regard to the above, ASX asks PL3 to respond separately to each of the following questions and requests for information:

1. Does PL3 consider that the financial condition of PL3 is sufficient to warrant its continued listing on ASX as required under Listing Rule 12.2?
2. If the answer to question 1 is “yes” please explain the basis for that view and also comment specifically on each of the following:
 - 2.1 the estimated quarters funded of 0.04 disclosed in PL3's Appendix 4C;
 - 2.2 status of each of the ongoing funding initiatives mentioned under paragraph A(iv) to A(vii); and
 - 2.3 the Independent Auditor's Review Report containing material uncertainty related to going concern (paragraph B above).
3. If the answer to question 1 is “no”, please explain what steps PL3 has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
4. Does PL3's board consider that there are reasonable grounds to believe that PL3 will be able to pay its debts as and when they become due and payable? In answering this question, please explain the basis for that view and comment specifically on the financing facilities matured in January 2025 and disclosed in Appendix 4C (paragraph A(ii) above).
5. Please confirm that PL3 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that PL3's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PL3 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEDT Thursday, 27 February 2025**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, PL3's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require PL3 to request a trading halt immediately.

Your response should be sent by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PL3's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PL3's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PL3's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Kind regards

ASX Compliance