

17 May 2023

Patagonia Lithium completes surface sampling program at Formentera/Cilon

Highlights

- 19 brine samples taken from a depth of less than 2 metres and one surface stream sample
- Only one hole did not intercept brine at a depth of three metres, while 5 were muddy
- Results of the assays will be available in approximately seven days
- Competent Person supervised the collection and secure control of the samples delivered to SGS Salta, Argentina

Patagonia Lithium Ltd (ASX:PL3 or Company) is pleased to announce that it has completed the surface brine sampling over the Formentera and Cilon properties.

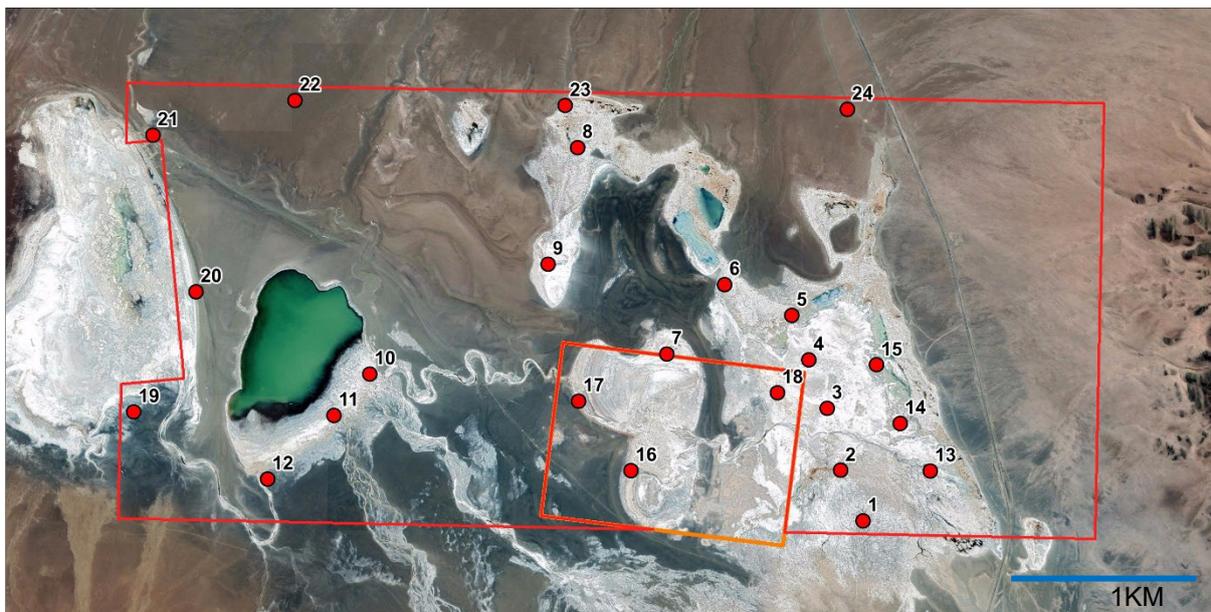


Figure 1. Picture of the Formentera and Cilon salars with salt (white areas) evaporated on the surface. Patagonia's exploration licence covers most of the salar, a total of 1,951 hectares.

During the week ended 7 May 2023, the Patagonia geological and technical support teams were able to sample brines close to the surface, using a motorised augur. The permit for surface sampling was issued on the 29 July 2022 by the Government of Jujuy Province, Argentina. Sampling of surface brines is used to determine cation and anions present and impact of fresh water recharge on the surface. Cilon in the past was a boron mine and the association between boron and lithium is well documented.

The samples were delivered to the SGS office at Tavella Ave., Salta under strict supervision by the competent person and were left with the SGS supervisor for analysis. 28 bottles were delivered that had 5 duplicates, plus two standards provided by the Company. Detailed classification of the soils was completed at approximately 50cm intervals.

Capital structure

58.6m - PL3 shares

5.5m - unquoted options

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Board

Phil Thomas - Exec Chair

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Figure 2. Technical support team operating motorised augur, and geologists examining soils and collecting black porous sands from augur for analysis.



Figure 3. CP Phillip Thomas with Brine sample

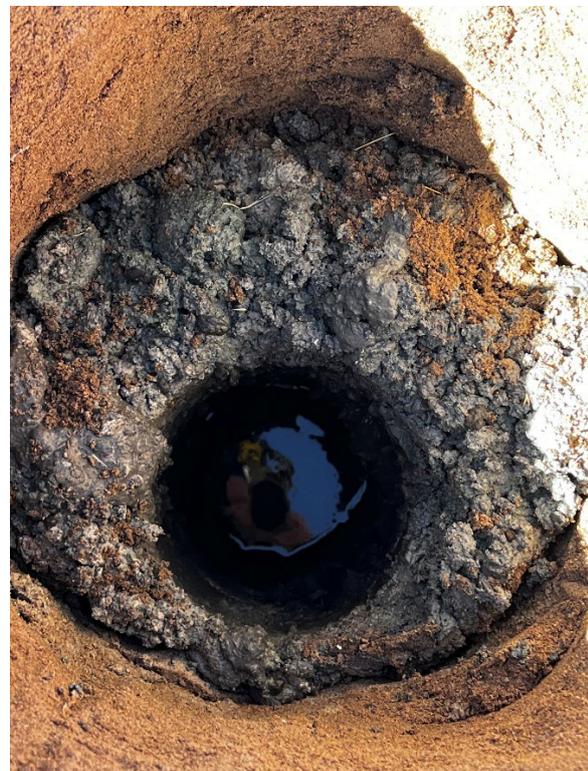


Figure 4. Brine at approximately 1m depth at sample well 8

Sample	Type Sample of	Type Sample	East (UTM)	North (UTM)	Elevation (m)	Water Table (m)	Depth Sampling	Mine	Hole Number	Observations	Parameters pH Resistivity
JAM_01	Original		708310	7409858	4082	0.6	1.6	Formentera	HOLE 1		
JAM_02	Original		708138	7410194	4095	0.65	1.37	Formentera	HOLE 2		
JAM_03	STD										
JAM_04	BLANK										
JAM_05	Original		708071	7410627	4099	1.2	1.9	Formentera	HOLE 3		
JAM_06	Original		707934	7410962	4101	1.15	2.1	Formentera	HOLE 4		
JAM_07	Original		707814	7411215	4106	0.85	1.92	Formentera	HOLE 5	displaced 50 m due to unsteady area	
JAM_08	Original		707355	7411477	4102	0.54	1.7	Formentera	HOLE 6		
JAM_09	Original		706901	7411128	4101	0	1.15	Formentera	HOLE 7	displaced 120 m due to superficial water	
JAM_10	DUPLICATE	JAM_07						Formentera			
JAM_11	Original		706355	7412422	4099	0.6	1.8	Formentera	HOLE 8		pH 6,4 - 2,66 ms/cm
JAM_12	Original		706152	7411633	4097	1.15	1.85	Formentera	HOLE 9		pH 7,8 - 67,57 ms/cm
JAM_13	Original		704937	7410866	4095	0.57	1.1	Formentera	HOLE 10		
JAM_14	Original		704690	7410589	4084	0.65	1.38	Formentera	HOLE 11		
JAM_15	STD										
JAM_16	BLANK										
JAM_17	Original		708713	7410204	4102	0.2	1.2	Formentera	HOLE 13	displaced 12 m due to superficial water	
JAM_18	DUPLICATE	JAM_13						Formentera			
JAM_19	Original		708564	7410531	4101	0	1.5	Formentera	HOLE 14		
JAM_20	Original		708400	7410924	4096	0.35	1.22	Formentera	HOLE 15		
JAM_21	Original		707005	7409990	4099	0.35	1.4	Cilon	HOLE 16	displaced ~300 m due to superficial water	
JAM_22	Original		707717	7410743	4095	0.8	2	Cilon	HOLE 18		pH 7,5 - 164,2 ms/cm
JAM_23	Original		703314	7410605	4091	1.3	1.62	Formentera	HOLE 19		
JAM_24	Original		703721	7411426	4073	0.44	0.92	Formentera	HOLE 20	displaced 15m due to gravel accumulation	
JAM_25	DUPLICATE	JAM_21						Cilon			
JAM_26	Original		706259	7412714	4100	0.42	1	Formentera	HOLE 23		pH 6 - 1,13 ms/cm
JAM_27	DUPLICATE	JAM_23						Formentera			
JAM_28	DUPLICATE	JAM_26						Formentera			

All holes were drilled using a 25cm augur drill, were drilled vertically and had an azimuth of zero.

The sampling has covered the key areas of interest. The Company has also commissioned a magnetotelluric geophysical survey which is anticipated to commence in early June 2023, with four lines planned to be surveyed. Following on from this data and analysis a drilling program will be developed.

Authorised for release by the Board of the Company.

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Competent Person Statement

The information in this announcement that relates to the Argentine Lithium Brine project is based on, and fairly represents information compiled by Phillip Thomas, MAIG FAusIMM, Technical Adviser of Patagonia Lithium Ltd and its Executive Chairman, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thomas has sufficient experience relevant to the style of mineralisation (lithium brines) and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Thomas consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information 	<ul style="list-style-type: none"> A motorised augur with a screw drill was used to obtain core samples of the top 3m of stratigraphy of the salar. One litre brine samples using a bailer were taken from each hole after 30 minutes of settling of sediments. The collection and decanter bucket and bottles were flushed three times to eliminate contamination before being sampled. 16 Water/brine samples were collected from sample locations 1-24. Five of the wells were dry to 3 metres. Refer above table in release. Sediments were logged for fineness and clay content. All holes were drilled vertically and had an azimuth of zero. A EC-PCTestr35 was used to measure pH, conductivity and temperature.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> A 6" bit was used to drill the holes and after 0.5m was drilled the operators removed the drill and a sample was taken from the drill bit. Then the operators reinserted the drill and continued down to 2-3m depending on the amount of brine flow. It was then analyzed for resistivity and pH.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Brine samples were collected at each point. There was no sample bias due to brines contained in clays as we waited for 30 minutes for them to settle after they had been mixed when the augur was retrieved. Brine quality is not related to the quality of core samples. The porosity, transmissivity and permeability of the lithologies where samples are taken influences the rate of brine inflow and brine characteristics. Drilling is required to determine the flow characteristics of the underlying aquifers, surface sampling gives an idea of the presence of lithium and boron.
Logging	<p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p>	<ul style="list-style-type: none"> All core was logged by two geologists and the CP geologist. The sediments were too shallow to be useful for any mineral resource estimate and the estimate will be on brine flow not sediments.

	<ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Brine samples were collected by allowing the hole to re-fill with brine then extracted using a bailer. • Duplicate sampling is undertaken for quality control purposes. Five duplicates were taken, and a blank (distilled water and two standards were also provided to SGS laboratories for analysis.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • The SGS laboratory was used for analyses and is also certified for ISO/IEC Standard 17025:2017 • Security control was kept with each bottle being taped closed and contained in a locked chest which was opened by SGS staff.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Field duplicates, standards and blanks are used to monitor potential contamination of samples and the repeatability of analyses.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • The survey locations were located using handheld GPS with an accuracy of +/- 5m. • The grid System used is POSGAR 94, Argentina Zone 3 • Topographic control was obtained by handheld GPS • The topography is flat.
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> • Brine samples were collected within the hole based upon the depth required to

	<ul style="list-style-type: none"> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	access brines.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • The brine concentrations being explored for generally occur as sub-horizontal layers and lenses hosted by conglomerate, sand, halites, silt and/or clay. Vertical diamond drilling is ideal for understanding this horizontal stratigraphy and the nature of the sub-surface brine bearing aquifers. • Surface sampling allows us to determine the presence of lithium and other minerals such as boron and presence of anions. • The orientation was vertical for the augur drill, but brine was sampled not sediments.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Data was recorded and processed by employees, consultants and contractors to the Company and overseen by senior management on-site. • Samples were transported from the drill site to secure storage at the camp on a daily basis. • Samples were then couriered by the CP to the laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews have been conducted to date. The sampling is at a very early stage however the Company's independent consultant and Competent Person has approved the procedures to date and were present at sampling.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Formentera/Cilon Lithium Project consists of two tenements located in Jujuy Province, Argentina. The tenement is owned by Patagonia Lithium SA. The Company executed a purchase agreement on 18 December 2022 and paid for it on 19 December 2022.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No historical exploration has been undertaken on this licence area The Cilon concession area has been operated as a borate mine in the past although details of production records have not been available.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Formentera/Cilon licence area covers most of the salar proper with minor alluvial cover to the southwest. The lithium concentrated brine is sourced locally from hot fluids passing through lithium minerals and altered intrusives and is concentrated in brines hosted within basin alluvial sediments and evaporites.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case 	<ul style="list-style-type: none"> See the table attached in the release for northing and eastings
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Assay results will be derived by SGS method using ICP-OES.

	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The brine layers are horizontal to sub-horizontal therefore the intercepted thicknesses of brine layers would be true thickness as the sample hole is vertical. The brine flowed from the walls of the hole in a section from 0.25-3m so the intercept width is variable depending on the porosity and transmissivity of the surrounding sands and clays.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to maps, figures and tables in the attached announcement dated the 16 May 2023.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All assay results will be reported as received from the laboratory.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> All meaningful and material information is reported
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg; tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> A Magnetotelluric (MT) geophysical survey will be completed (estimated for June 2023) across the license to view lithological structures at a deeper level to 500m, refine drill hole targeting followed by diamond drilling. Magnetotellurics (MT) is a passive geophysical method which uses natural time variations of the Earth's magnetic and electric fields to measure the electrical resistivity of the sub-surface. Lower frequencies will penetrate to almost 1,000m.