



**PATAGONIA
LITHIUM**

**PATAGONIA LITHIUM LIMITED
ACN 654 004 403**

ENTITLEMENT ISSUE PROSPECTUS – LOYALTY OPTIONS

A non-renounceable entitlement issue of one Loyalty Option for every four Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option to raise up to \$146,412.50 (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

IMPORTANT NOTICE

This Prospectus is dated 4 September 2023 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives,

financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or

to issue this Prospectus. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside the Permitted Jurisdiction. For further information on overseas Shareholders please refer to Section 3.9.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 7.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website

(www.patagonialithium.com.au). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.patagonialithium.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 433 747 380 or +61 418 823 574 during office hours or by emailing the Company at phil@patagonialithium.com.au or jarek@kopias.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the

basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 9.

All references to time in this Prospectus are references to Australian Eastern Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and

corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 418 823 574.

1. CORPORATE DIRECTORY

Directors

Phillip Thomas
Executive Chairman

Paul Boyatzis
Director

Gino D'Anna
Director

Feiyu (Sam) Qi
Director

Company Secretary

Jarek Kopias

Registered Office

Level 6, 505 Little Collins Street
Melbourne VIC 3000

Email: phil@patagonialithium.com.au
jarek@kopias.com.au

Website: www.patagonialithium.com.au

Australian Solicitors

Moray & Agnew
Level 6, 505 Little Collins Street
Melbourne VIC 3000

ASX Code

PL3

Share Registry*

Automic Pty Ltd
Level 5, 126-130 Phillip Street
Sydney NSW 2000

Auditor*

Hall Chadwick Melbourne Audit
Level 14, 440 Collins Street
Melbourne VIC 3000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being name in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	4 September 2023
Lodgement of Prospectus and Appendix 3B with ASX	4 September 2023
Letter sent to Shareholders and Optionholders	4 September 2023
Ex date	7 September 2023
Record Date for determining Entitlements	8 September 2023
Offer opening date, Prospectus sent to Shareholders, Letter sent to ineligible Shareholders and Company announcement made that the Offer has opened	12 September 2023
Last day to extend the Closing Date	28 September 2023
Closing Date as at 5:00pm*	3 October 2023
Options quoted on a deferred settlement basis	4 October 2023
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Options	9 October 2023
Quotation of Options	10 October 2023
Last date for issue of Options under Shortfall Offer	Within 3 months of the Closing Date
Issue date and lodgement of Appendix 2A with ASX applying for quotation under the Shortfall Offer	Within 3 months of the Closing Date
Closing date of Shortfall Offer	Within 3 months of the Closing Date

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Options are expected to commence trading on ASX may vary.

These dates are indicative only and are subject to change.

Quotation of the Options is subject to the Company satisfying the quotation requirements set out in Chapter 2 of the ASX Listing Rules.

3. DETAILS OF THE OFFER

3.1 The Offer

The purpose of the Offer is to recognise the invaluable support the Company has received from its Shareholders. The Offer is an opportunity for Shareholders to participate in the development of the Company.

The Offer is being made as a non-renounceable entitlement issue of 1 Loyalty Option for every 4 Shares held by Shareholders registered at the Record Date at an issue price of \$0.01 per Loyalty Option. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 14,641,250 Loyalty Options will be issued pursuant to this Offer to raise up to approximately \$146,412.50. If all Loyalty Options issued under the Offer are exercised (exercisable at \$0.30 on or before the date that is 15 December 2025), the Company will receive approximately \$4,392,375.

As at the date of this Prospectus the Company has 5,500,000 Options on issue which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 4.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 5.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 4.1 of this Prospectus.

3.2 Minimum Subscription

There is no minimum subscription.

3.3 Acceptance of the Loyalty Offer

(a) What Eligible Shareholders May Do

The number of Loyalty Options to which Eligible Shareholders are entitled is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Eligible Shareholders may choose any of the options set out in the table below.

Option	Key Considerations	For more information
Take up all of your Entitlement	<ul style="list-style-type: none"> Should you wish to accept all of your Entitlement, then your application for Options under this Prospectus must be made by following the instructions on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully. Payment can be made by the methods set out in Section (b). As set out in Section (b), if you pay by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 3.3 (b) and (c).
Take up a proportion of your Entitlement and allow the balance to lapse	<ul style="list-style-type: none"> If you wish to take up only part of your Entitlement and allow the balance to lapse, your application must be made by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus for the number of Loyalty Options you wish to take up and making payment using the methods set out in Section (b) below. As set out in Section (b), if you pay by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form. 	Section 3.3 (b) and (c).
Allow all or part of your Entitlement to lapse	<ul style="list-style-type: none"> If you do not wish to accept any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement by the Closing Date, the Loyalty Offer to you will lapse. 	N/A

The Loyalty Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

(b) Payment Options

(i) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (A) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (B) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole

number of Shares which is covered in full by your Application monies.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00pm (AEST) on the Closing Date. The Company shall not be responsible for any delay in the receipt of the BPAY® payment.

Guidance where you have more than one CRN (Shareholding of Shares)

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your Application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any Application in respect of your remaining Shareholdings will not be valid).

(ii) By Electronic Funds Transfer

For payment by Electronic Funds Transfer (**EFT**), please follow the instructions on the Entitlement and Acceptance Form. Multiple acceptances must be paid separately. You should be aware of your financial institution's cut-off time and any associated fees with processing an EFT. It is your responsibility to ensure funds are submitted correctly by the Closing Date and time. Please note that should you choose to pay by EFT:

- (A) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (B) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application monies.

Please ensure you use your unique payment reference number located on the Entitlement and Acceptance Form. This will ensure your

payment is processed correctly. Failure to do so may result in your funds not being allocated to your application and your Entitlement subsequently not being issued.

(iii) By Cheque

Payment by cheque or cash will not be accepted.

(c) Implications of an Acceptance

Paying any Application monies by BPAY® or EFT will be taken to constitute a representation by you that:

- (i) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (ii) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application monies, the application may not be varied or withdrawn except as required by law.

3.4 Underwriting

The Offer is not underwritten.

3.5 Dilutionary effect

No immediate dilution will occur as a result of the issue of Options under this Prospectus.

In addition, Shareholders should note that if they do not participate in the Offer, their holdings, upon the future exercise of the Options offered under the Offer (provided no existing Options are exercised), are likely to be diluted by approximately 20% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:^{1,2}

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	5,000,000	8.54	1,250,000	5,000,000	6.83
Shareholder 2	1,000,000	1.71	250,000	1,000,000	1.37
Shareholder 3	500,000	0.85	125,000	500,000	0.68
Shareholder 4	200,000	0.34	50,000	200,000	0.27
Shareholder 5	50,000	0.09	12,500	50,000	0.07

Notes:

1. This table assumes that all Options issued under the Offer are exercised.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

3.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Loyalty Option to be issued under the Shortfall Offer shall be \$0.01 being the price at which Loyalty Options have been offered under the Offer.

The Directors reserve the right to issue Shortfall Options at their absolute discretion. Accordingly, do not apply for Shortfall Options unless instructed to do so by the Directors.

3.7 ASX listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), or if the Company does not meet the minimum requirements to be granted Official Quotation of the Options, then the Options will still be issued, however will not be quoted on ASX.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

The Company notes that it will not make an application for quotation of a total of 5,500,000 Options already on issue, which have different terms as the Options to be issued pursuant to the Offer (refer to Section 5.1 for full terms and conditions attaching to these Options).

3.8 Issue

Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Options issued pursuant to the Shortfall Offer may be allotted on a progressive basis or all at once. Where the number of Options issued is less than the number applied for, or where no allotment is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.

3.9 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of all overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Options will not be issued to Shareholders with a registered address which is outside the Permitted Jurisdictions set out below.

New Zealand

The Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021* (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

People's Republic of China

This Prospectus has not been approved by, nor registered with, any competent regulations authority of the PRC (excluding for the purposes of this paragraph, Hong

Kong Special Administration Region, Macau Special Administration Region and Taiwan). Accordingly, the Options may not be offered or sold, nor may any invitation, advertisement or solicitation for the Options be made from within the PRC. This Prospectus does not constitute an offer of Securities within the PRC.

The Options may not be offered to legal or natural persons in the PRC other than to:

- (i) “qualified domestic institutional investor” as approved by the relevant PRC regulatory authorities to invest in overseas capital markets;
- (ii) sovereign wealth fund or quasi-government investment fund that has the authorisation to make overseas investment; or
- (iii) other type of qualified investor that has obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutory or otherwise).

Singapore

This Prospectus and any other materials relating to the Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document relating to the Options may not be issued, circulated, or distributed, nor may the Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the SFA or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an existing holder of the Company’s shares. If you are not such a shareholder, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Options being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire the Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this Prospectus nor any document relating to the offer of the Options has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the FSMA) has been published or is intended to be published in respect of the Options.

The Options may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the

publication of a prospectus under section 86(1) of the FMSA. This Prospectus is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Options has not been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons:

- (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the FPO;
- (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (iii) to whom it may otherwise be lawfully communicated,

(together “relevant persons”).

The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside the Permitted Jurisdictions without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The purpose of the Offer is to reward the loyalty of Company shareholders and will result in the raising of up to \$146,412.50.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Expenses of the Offer ¹	35,250.00	24.08
2.	Working capital	111,162.50	75.92
	Total	146,412.50	100

Notes:

1. Refer to Section 7.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient general working capital to achieve its stated objectives. In the event the Offer is not fully subscribed, the Company will have reduced funds for its general working capital.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including technical success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

4.2 Effect of the Offer

The principal effect of the Offer, assuming all Options offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$111,162.50 after deducting the estimated expenses of the Offer immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 5,500,000 as at the date of this Prospectus to 20,141,250 Options.

4.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2023 and the unaudited pro-forma balance sheet as at 30 June 2023 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Options offered under the Prospectus are issued.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated	30 June 2023 Unaudited accounts	Pro forma Adjustments – Option Issue	Pro forma 30 June 2023
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,207,651	111,163	3,318,814
Receivables and other	90,831	0	90,831
TOTAL CURRENT ASSETS	3,298,482	111,163	3,409,645
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	4,297,202	0	4,297,202
TOTAL NON-CURRENT ASSETS	4,297,202	0	4,297,202
TOTAL ASSETS	7,595,684	111,163	7,706,847
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	141,166	0	141,166
Borrowings	0	0	0
TOTAL CURRENT LIABILITIES	141,166	0	141,166
TOTAL LIABILITIES	141,166	0	141,166
NET ASSETS	7,454,518	111,163	7,565,681

Consolidated	30 June 2023 Unaudited accounts	Pro forma Adjustments – Option Issue	Pro forma 30 June 2023
	\$	\$	\$
EQUITY			
Issued capital	8,608,546		8,608,546
Reserves	785,034	111,163	896,197
Accumulated losses	(1,939,062)		(1,939,062)
TOTAL EQUITY	7,454,518	111,163	7,565,681

4.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	58,565,000
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	58,565,000

Options

	Number
Options currently on issue	5,500,000
Loyalty Options offered pursuant to the Offer	14,641,250
Total Options on issue after completion of the Offer^{1,2}	20,141,250

Notes:

1. Comprising:
 - (a) 5,500,000 Options exercisable at \$0.27 on or before 31 March 2025.
 - (b) 14,641,250 exercisable at \$0.30 on or before 15 December 2025.
2. Assuming that all Entitlements are accepted under the Offer or the Shortfall Offer.

Capital structure on fully diluted basis

The capital structure on a fully diluted basis as at the date of this Prospectus would be 64,065,000 Shares (assuming all Options are exercised) and on completion of the Offer (assuming all Entitlements are accepted and all Options are exercised) would be 78,706,250 Shares.

4.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out in the table below:¹

Shareholder	Shares	%
10 Bolivianos Pty Ltd ²	11,712,659	19.99
Fuyang Mingjin New Energy Development Co Ltd	10,000,000	17.08
Southeast Mingqing Supply Chain (Fuyang) Co Ltd	3,750,000	6.40

Notes:

1. The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only Options are being issued.
2. Freedom Trader Pty Ltd and Niv Dagan (associates of 10 Bolivianos Pty Ltd) hold, respectively, 1,244,166 Shares and 79,110 Shares, and 10 Bolivianos Pty Ltd holds 10,389,383 Shares.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Loyalty Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 15 December 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

At the absolute discretion of the Company and in any case as soon as practical following the Exercise Date.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder Liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future Increase in Capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-

quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of its securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific risks

(a) Exploration and operations

The tenements comprising the Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of these tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process and Indigenous heritage factors, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration tenements forming its Projects and

obtaining all required approvals for their contemplated activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of its Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration tenements forming its Projects.

(b) **Sovereign**

The Company currently holds interests in Projects that are located in Argentina.

Possible sovereign risks associated with operating in this jurisdiction include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in this jurisdiction or any other country in which the Company may, in the future, have an interest.

Specifically, it is possible that the current system of exploration and mine permitting may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(c) **Potential for dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted the number of Options will increase from 5,500,000 currently on issue to 20,141,250 and this has the potential to increase the number of Shares on issue from 58,565,000 to 78,706,250 (assuming the exercise of all Options currently on issue and all Options under the Offer). This means that after exercise of the Options each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict how many Options may be exercised and at that time what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.155 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(d) **Access and infrastructure**

Access on and to tenements may be subject to the availability of appropriate infrastructure or the consent of third parties.

There is no guarantee that agreement can be reached with interested third parties or that the necessary infrastructure required to access or develop the tenements will be available or viable.

The Company's Projects are and may be further affected by legitimate native title rights of Indigenous peoples as discussed in the native title section below.

(e) **Native title**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas of indigenous owned land exist. Where such rights exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Company understands the importance of establishing and maintaining positive relationships with all affected by any future exploration activities, particularly with the Indigenous peoples whose lands we may operate on.

The Directors will closely monitor the potential effect of native title processes, determinations and claims and Indigenous heritage matters involving tenements in which the Company has or may have an interest and will undertake such heritage surveys and seek such consents as are required to comply with these obligations.

(f) **Commodity price volatility and exchange rate**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) **Outstanding approvals of the Formentera Project and Cilon Project**

The grant of the drilling permit approvals for the Formentera Project and the Cilon Project have not yet been granted by the local government authority.

In Argentina, each province is the owner of the natural resources located in their respective territories and permitting is managed by both the mining and environmental departments of each province. The Formentera Project and the Cilon Project are entirely located in the Jujuy Province of Argentina.

The Company has been engaging with the Mining Directorate of the Jujuy Province to obtain the required drilling permit approvals for its Formentera Project and Cilon Project.

As at the date of this Prospectus, the Company has been advised that the only outstanding approval that is required to be for the Company to commence drilling at the Formentera Project and the Cilon Project is the approval of a drilling program at the Formentera Project and environmental impact assessment at the Cilon Project. The grant of these approvals is out of the control of the Company and there is no guarantee that it will occur.

(h) **Tenure and title risk**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved. Tenements are subject to the applicable mining acts and regulations of the relevant jurisdiction. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal or conversion conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's Projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Irrespective of the Company's compliance with the conditions of the tenements, and applicable mining acts and regulations, there is no guarantee that applications for forfeiture or cancellation will not be made against the tenements. If any application for forfeiture or objection to the grant of an exemption is lodged, the Company may be required to defend such applications or objections and incur significant costs.

(i) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company may be dependent upon the Company's senior management, key personnel and consultants. There can be no assurance given that there will be no detrimental impact on the Company if one, or a

number of, those employees or consultants cease their employment or engagement with the Company.

(j) **Climate**

There are a number of climate and altitude related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change and altitude may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(k) **Exercise price of Loyalty Options**

If Loyalty Options are exercised, there is no guarantee that Shares issued on exercise of the Loyalty Options will trade above the exercise price paid for those Shares.

6.3 Industry specific risks

(a) **Exploration costs**

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not

obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(b) **Mine development**

Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(c) **Ore Reserve and Mineral Resource Estimates**

Should the Company define an ore reserve and/or mineral resource on any of its Projects, they will be estimates that are expressions of judgment based on knowledge, experience and industry practice, and may require revision on actual production experience.

(d) **Development risk and profitability**

The Company's commercial viability will be dependent upon the successful development and operation of the Company's Projects and any other activity that the Company may undertake.

No assurances can be given that the Company will be able to initiate or sustain successful mining operations at either of the Company current tenements or that operations will achieve commercial viability. Equally, no representation as to future profitability or dividends can be given.

(e) **Production and cost estimates**

By their very nature, production and cost estimates and assumptions are inherently subject to significant uncertainties. Actual results may materially differ from the Company's estimates and assumptions and may materially and adversely affect the Company's commercial viability and future results.

(f) **Regulatory compliance**

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations,

health and worker safety, waste disposal, protection of the environment, native title and Indigenous heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the Company believes that it will operate in substantial compliance with all material current laws and regulations, changes in the regulatory authorities' enforcement or regulatory interpretation could result in changes in legal requirements or the terms attached to the Company's existing permits for the Projects. This could have a material adverse impact on the Company's current operations or planned activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a Project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Projects.

(g) Uninsured loss and liability

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all losses or liabilities that could arise from the Company's operations. If the Company incurs losses or liabilities which are not covered by the Company's insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of the Company's assets may be at risk.

(h) Occupational health and safety

There is an inherent risk of workplace accidents occurring during the conduct of mining activity. The Board is totally committed to providing a safe and healthy workplace for the Company's employees and contractors, where engaged from time to time. Hazardous activities are avoided wherever possible, but when necessary, all employees and contractors are required to conduct themselves in accordance with all applicable laws and policies in force from time to time in respect of occupational health and safety.

(i) **New projects**

To achieve the Company's objectives, the Company may acquire or invest in new projects from time to time. However, there is always risk that the Company may not be successful in negotiating for an acquisition of a new project. Any new projects will also be subject to their own inherent and specific risks.

6.4 General risks

(a) **Future capital requirements**

The Company's ongoing activities will require ongoing expenditures. There can be no guarantee that future funds raised by the Company will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

If the Company is unable to continue to use equity to fund expansion after the substantial exhaustion of the Company's existing funds, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional funds on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) **Funding**

The ability of the Company to continue as a going concern is dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. If the Company is unable to secure the necessary funding, it may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial report.

(c) **Commodity price volatility**

Should the Company enter production, substantially all of the Company's revenues and cash flows will be derived from the sale of lithium products. Therefore, the financial performance of the Company would be exposed to fluctuations in the price of these commodities. Historically, the price of these commodities has fluctuated widely and has experienced periods of significant decline. The price of these commodities is affected by numerous factors and events that are beyond the control of the Company. These factors and events

include general economic activity, world demand, forward selling activity as well as general global economic conditions and political trends.

(d) **Litigation**

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject to, could have a material effect on the Company's operations, financial position, and the value of the Company's securities.

(e) **Environmental regulation**

The Company's operations are subject to province, national and international laws and regulations due to those operations involving environmentally hazardous activities. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted.

Significant liability could be imposed on the Company for environmental damage caused by the Company or previous owners of the Tenements, including damages, clean-up costs and penalties for non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. No assurance can however be given that environmental damage will not occur from time to time through the Company's operations.

(f) **Government and regulatory approvals**

There can be no assurance that all of the relevant approvals and permits necessary to conduct mining operations will be granted by the relevant governments and regulatory authorities or that they will remain in good standing where already granted.

(g) **Taxation**

The Company is subject to Argentine and Australian tax legislation, practice and interpretation. Any change in the Company's tax status or the tax applicable to the Company's securities through taxation legislation or its interpretation, could affect the value of the investments held by the Company,

its ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

Information relating to the taxation of the Company and its investors is based upon current tax law and practice which is subject to legislative change. Furthermore, the taxation of an investment in the Company depends on the individual circumstances of investors. Changes in the tax laws of Australia or Argentina or both could have a material adverse effect on the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner.

The Company has made certain assumptions regarding taxation in establishing its corporate structure, the ongoing management of its taxation affairs and compliance with taxation legislation within the jurisdictions in which the Company operates. If these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (including on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated.

This could alter the level of returns and/or adversely affect the quantum of post-tax returns for Shareholders (or Shareholders in certain jurisdictions). Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends. In addition, the Company may incur costs in taking steps to mitigate any such adverse effects on the returns for Shareholders.

(h) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

(i) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(j) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(k) **Ukraine Conflict**

The current conflict between Ukraine and Russia (**Ukraine Conflict**) is impacting global economies and financial markets. The nature and extent of the effect the Ukraine Conflict may have on the Company's operations remains uncertain at this time. In the short to medium term, the Company's Share price may be adversely affected by the economic uncertainty caused by the Ukraine Conflict and the wider effect the conflict has on global economies and financial markets.

(l) **COVID-19 Pandemic and possible similar future outbreaks risk**

The global pandemic COVID-19 had a significant and material impact on global markets and providing substantial impingement on the day-to-day operations of businesses. Different regions in the world have from time to time experienced outbreaks of various viruses.

In Argentina, the pandemic caused states of emergencies to be declared, travel restrictions and bans being imposed, quarantines being established and various industries, businesses, companies and institutions to close.

(m) **Unforeseen expenses**

The proposed expenditure on the Company's Projects may be adversely affected by any unforeseen expenses which arise in the future and which have not been considered in this Prospectus. While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were incurred, the expenditure proposals of the Company may be adversely affected.

(n) **Unforeseen risk**

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of its Shares.

6.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus and Shares if exercised carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of the Company being admitted to the Official List of the ASX are set out in the table below.

Date	Description of Announcement
28/08/2023	CEO Update
07/08/2023	Initial Director's Interest Notice – F Qi
07/08/2023	New Director Appointment
28/07/2023	Quarterly Activities and Cashflow Report 30 June 2023
04/07/2023	Geophysics Generates Significant Prospective Drill Targets
20/06/2023	Brines sent for Lithium Chloride Extraction Efficiency Test
15/06/2023	MT Geophysics Defines Significant Prospective Drill Targets
13/06/2023	Survey Results Identify Excellent Drill Targets
09/06/2023	Patagonia Lithium Investor Presentation
08/06/2023	Change of Director's Interest Notice – P Thomas
02/06/2023	Sampling at Formentera and Cilon Assays 1,122ppm Lithium
31/05/2023	Trading Halt
29/05/2023	Patagonia Lithium completes geophysics survey on Tomas III
22/05/2023	Drilling Permit received for Tomas III
17/05/2023	Surface Sampling Program completed at Formentera and Cilon

Date	Description of Announcement
20/04/2023	Patagonia Lithium Investor Presentation
11/04/2023	Notice of change of interests of substantial holder
4/4/2023	Patagonia Lithium prepares for Geophysics
31/3/2023	Initial director's interest notice – P Thomas
31/3/2023	Initial director's interest notice – P Boyatzis
31/3/2023	Initial director's interest notice – G D'Anna
31/3/2023	Notice of initial substantial holder
31/3/2023	Notice of initial substantial holder
31/3/2023	Notice of initial substantial holder
31/3/2023	Patagonia Lithium Commences Trading on the ASX
30/3/2023	Disclosure of Voluntary escrowed shares
29/3/2023	Constitution
29/3/2023	Pre-Quotation Disclosure
29/3/2023	Top 20 holders
29/3/2023	Distribution Schedule
29/3/2023	Securities Trading Policy
29/3/2023	Audited Financial Statements to 31 December 2022
29/3/2023	Interim Accounts to 30 June 2022
29/3/2023	Replacement Prospectus
29/3/2023	Supplementary Prospectus
29/3/2023	Information Form and Checklist Annexure 1
29/3/2023	Appendix 1A
29/3/2023	Information Form and Checklist
29/3/2023	ASX Notice – Admission and Quotation

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.patagonialithium.com.au.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	0.22	3 April 2023
Lowest	0.14	29 to 31 September 2023
Last	0.155	1 September 2023

7.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	New Option Entitlement	\$
Phillip Thomas ¹	1,050,000	1,500,000	262,500	2,625
Paul Boyatzis ²	0	1,000,000	0	0
Gino D'Anna ³	0	1,000,000	0	0
Feiyu Qi	0	0	0	0

Notes:

- 1,050,000 Shares held by Gurtan Pty Ltd (an associate of Phillip Thomas) and 1,500,000 Options held by Phillip Thomas personally.
- 1,000,000 Options held by Lesuer Pty. Ltd. ATF PMB Super Fund A/C (an associate of Paul Boyatzis).
- 1,000,000 Options held by Gino D'Anna ATF The Internazionale A/C.

The Board recommends all Shareholders take up their Entitlement and advises that Phillip Thomas (via his associated entity) intends to take up his Entitlement.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Remuneration FY 2024 (Proposed) ¹	Remuneration FY 2023 (Actual)
Phillip Thomas ²	\$120,000	48,000
Paul Boyatzis	\$48,000	21,000
Gino D'Anna	\$48,000	21,000
Feiyu Qi	\$48,000	Nil

Notes:

1. Exclusive of superannuation.
2. Panopus Pte Ltd (a Singapore company and associate of Phillip Thomas) is entitled to charge the Company an additional \$188 per hour for technical services provided outside of the general director duties of Phillip Thomas.

7.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Moray & Agnew has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Moray & Agnew \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Moray & Agnew has been paid fees in accordance with industry standard rates for legal services provided to the Company.

7.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and

(c) Moray & Agnew has given its written consent to being named as the solicitors to the Company in this Prospectus. Moray & Agnew has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$35,250 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,250
ASX fees	15,000
Legal fees	15,000
Miscellaneous	2,000
Total	35,250

7.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.10 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

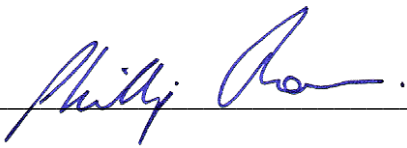
You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



A handwritten signature in blue ink, appearing to read "Phillip Thomas", is written over a horizontal line.

Phillip Thomas
Executive Director
For and on behalf of
PATAGONIA LITHIUM LIMITED

4 September 2023

9. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria.

Applicant means a Shareholder who applies for Options pursuant to the Offer or a Shareholder or other party who applies for Shortfall Options pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Cilon Project means the tenement known as "Cilon" (in which the Company holds a 100% interest) (File No. 121-I-1983 in the Administrative Court of Mines of Jujuy) covering approximately 199 hectares of land located in the Province of Jujuy, Argentina.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Patagonia Lithium Limited (ACN 654 004 403).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth) (as amended from time to time).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Formentera Project means the tenement known as “Formentera” (in which the Company holds a 100% interest) (File Nos. 815/9/2006 and 857/P/2007 in the Administrative Court of Mines of Jujuy) covering approximately 1,752.52 hectares of land located in the Province of Jujuy, Argentina.

FPO means the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 of the United Kingdom.

FSMA means the Financial Services and Markets Act 2000 of the United Kingdom.

Loyalty Option means an option to acquire a Share on the terms and conditions set out in Section 5.1 of this Prospectus.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share, including a Loyalty Option as the context requires.

Optionholder means a holder of an Option.

Permitted Jurisdiction means any of the following:

- (a) Australia,
- (b) New Zealand,
- (c) PRC,
- (d) Singapore, and
- (e) United Kingdom.

PRC means People’s Republic of China.

Privacy Act means the *Privacy Act 1988* (Cth).

Projects means the Cilon Project, the Formentera Project and the Tomas III Project.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Securities means Shares and Options.

SFA means the Securities and Futures Act 2001 of Singapore.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Options not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 3 of this Prospectus.

Shortfall Options means those Options issued pursuant to the Shortfall.

Tomas III Project means the tenement known as "Tomas III" (in which the Company holds a 100% interest) (File No. 24,142 in the Mining Court of Salta) covering approximately 571,54 hectares of land located in the Province of Salta, Argentina.