

8 February 2024

## Preparations finalised to commence drilling at the Formentera Lithium Project in Argentina in the last week of February 2024

- Maiden drilling program to commence late February 2024 comprising up to 10 wells for a total program of 5,300m
- Northern section wells with pads prepared to be drilled first
- Cilon drill permits are pending final approval
- Front end loader will prepare roads to other drill locations
- Water supply for drilling secured

**Patagonia Lithium Ltd (ASX:PL3, Patagonia or Company)** is pleased to advise that it has completed preparations to drill 10 diamond core wells on its Formentera project. The drilling company has indicated it will be able to mobilise the drill rig and personnel after the Jujuy Carnival holiday on 13-14 February, and complete preparations on-site to commence drilling in the week beginning 26 February 2024.

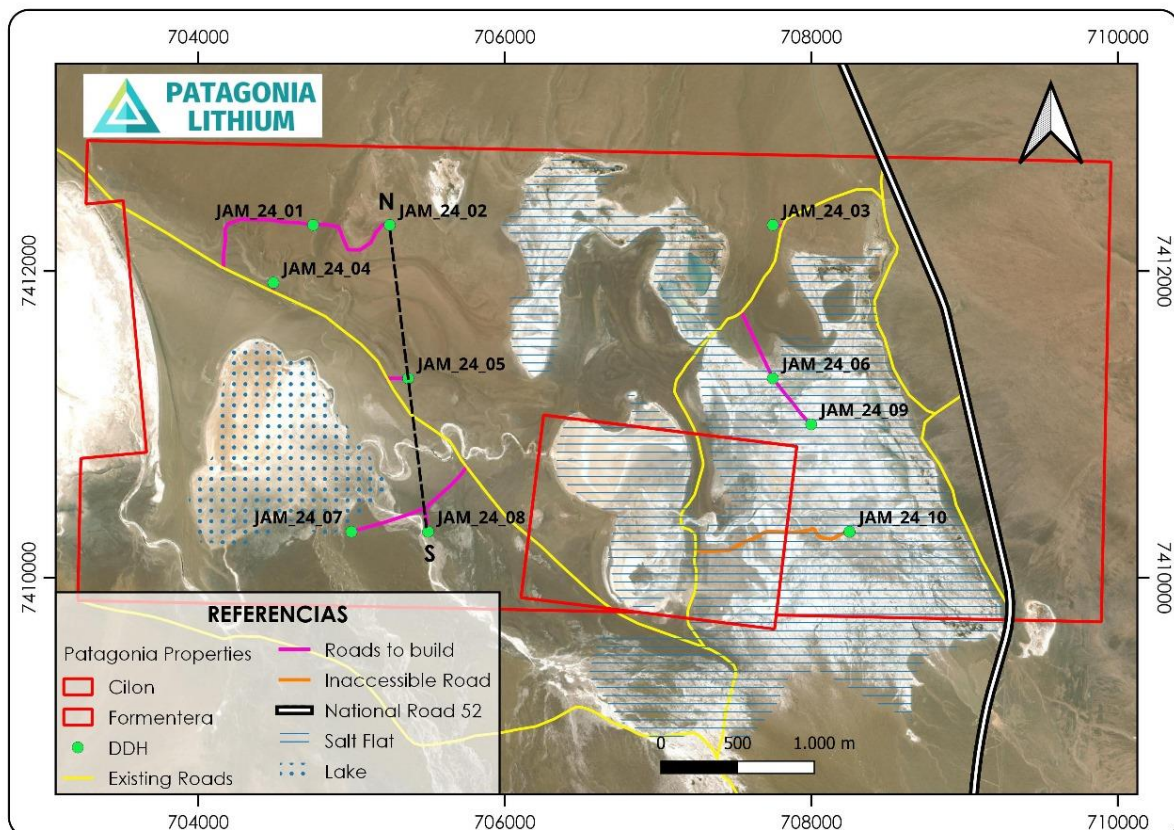


Figure 1: Map of Formentera DDH drill locations, roads, and lake areas. The black dotted line is the proposed aquifer resource section line to measure depths of the aquifers containing lithium.

### Capital structure

58.6m - PL3 shares  
5.5m - unquoted options  
14.6m - PL3O quoted options

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### Board

Phil Thomas - Exec Chair  
Gino D'Anna - NED  
Sam Qi - NED  
Jarek Kopias - Co Sec

The geology exploration team has confirmed the following schedule of drill holes to be drilled after analysing the MT geophysics and structural geology:

**Drill Hole and Estimated Depth\***

JAM\_24\_04 depth to 400 metres

JAM\_24-01 depth to 400 metres

JAM\_24-02 depth to 400 metres

JAM\_24-05 depth to 300 metres

JAM\_24-08 depth to 600 metres

JAM\_24-07 depth to 800 metres

JAM\_24-03 depth to 600 metres

JAM\_24-06 depth to 600 metres

JAM\_24-09 depth to 600 metres

JAM\_24-10 depth to 600 metres

\* subject to lithology, aquifer presence, and porosity considerations

Total depth, if all wells reach target depth, is 5,300 metres. This drill program may be modified when the first three wells are drilled after reconciling aquifer depths and brine flows. At an average drill depth rate of 30m per day, the Company expects each 400m well to take 14 days with five additional days allocated to packer tests for assaying the lithium brines.



Figure 2: Executive chairman/brine geologist Phil Thomas sampling surface brines at Cilon



## Mineral Resource

WSP Australia have been engaged to calculate the measured, indicated and inferred Mineral Resource. This will involve drill core logging, down hole porosity tests using borehole magnetic resonance and aquifer modelling. Additional porosity tests will be completed in Australia. Assay testing will be done at SGS Salta with QA/QC at another Argentine laboratory.

## Cilon Exploration Licence

A revised addendum has been submitted for drill hole locations and depth, complying with the requirement not to drill within 500m of the water body.

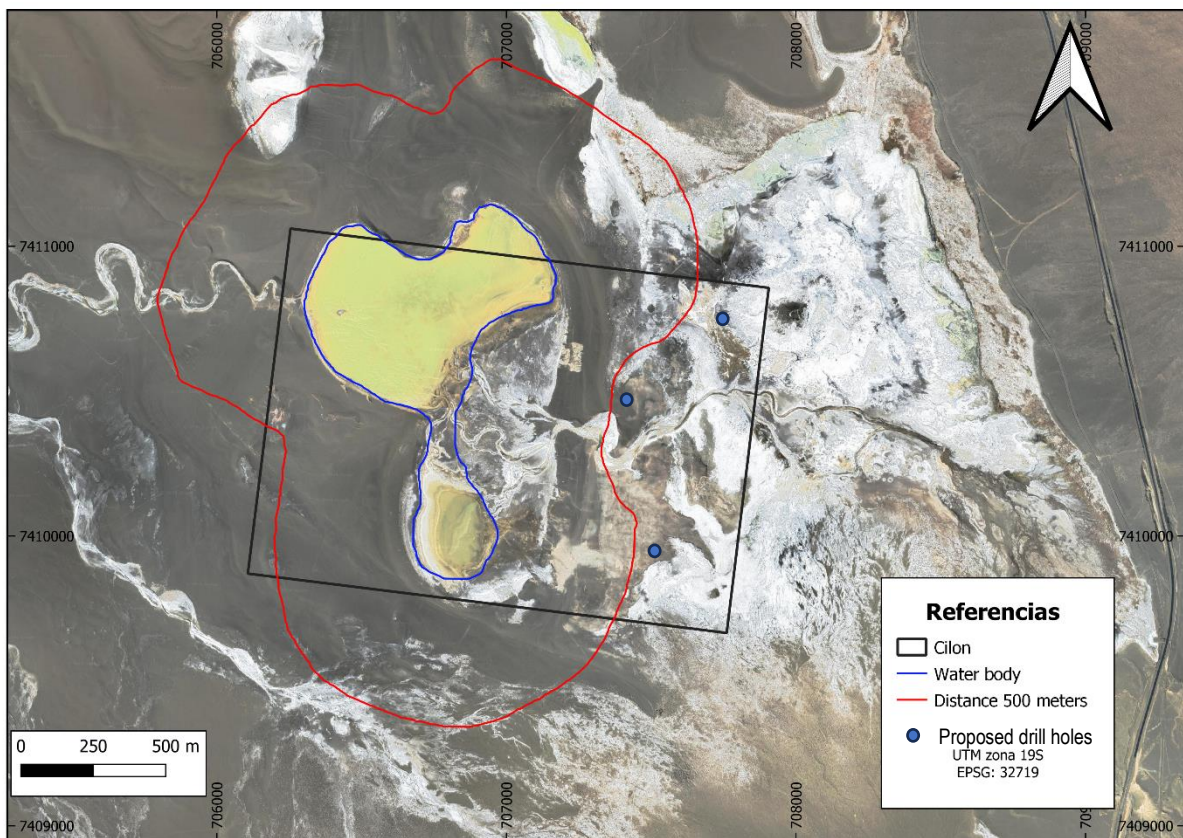


Figure 3: Cilon concession with drilling border around lagoon shown in red and proposed drill holes in Blue

Authorisation has been sought for the opening of a quarry, if needed, to build up roads in case we encounter a watercourse that needs to be filled with aggregates. The industrial water extraction point and authorised flow rate has been submitted as an adjunct to the already approved EIR drill permit.

## Lithium Demand

The board remains confident of the potential long term viability of the project despite lithium carbonate prices having fallen substantially compared to 2022-23 levels. Trading economics ([www.tradingeconomics.com](http://www.tradingeconomics.com)) states in its February 2024 commentary; "Lithium carbonate prices remained stable at CNY 95,500 (US\$13,282, AU\$20,433) per tonne in February 24, holding the 80% plunge from 2023 at an over

three-year low, as the market somewhat found an equilibrium of ample supply and muted demand. The slowdown in electric vehicle sales in China limited lithium demand for battery manufacturers, driving factories to skip their typical restocking season. Instead, firms took advantage of high inventories following the supply glut caused by extensive subsidies from Beijing throughout 2021 and 2022. The developments drove key market players to forecast the next lithium deficit to return only in 2028, an aggressive twist from speculations of persistent shortfalls that took lithium prices to CNY 600,000 in November 2022. Consequently, industrial policy authorities in Beijing vouched to slash excess capacity."

## Milestones

Our immediate milestones for Formentera/Cilon are:

- Complete drilling, packer aquifer tests, porosity calculations and pump tests
- WSP Australia to complete the Mineral Resource Estimate
- Additional data provided to complete a proven and probable reserve estimate.

Authorised for release by the Board of the Company.

For further information please contact:

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## About Patagonia Lithium Ltd

Patagonia Lithium has two major lithium brine projects – Formentera/Cilon in Salar de Jama, Jujuy province and Tomas III at Incahuasi Salar in Salta Province of northern Argentina in the declared lithium triangle. It has also applied **for 41,746 Has** of concessions exploring for **ionic REE clays, Niobium, and lithium in pegmatites**. The Company has applied for four exploration concession packages.

Since listing on 31 March 2023, recharge water analysis, surface sampling and MT geophysics have been completed in preparation of an upcoming drill program at Formentera, and MT Geophysics at Tomas III that was very prospective. In July 2023, a 13 hole drill program was submitted for approval which was granted in January 2024. Samples as **high as 1,100ppm lithium** (2 June 2023 announcement) were recorded at Formentera and resistivity values as low as 0.3Ω.m were recorded during the MT Geophysics survey at Formentera making the project highly prospective. The Company confirms it is not aware of any new information or data that materially affects the information in this announcement.