

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

Patriot Battery Metals Inc. (the “**Company**” or “**Patriot**”)  
Suite 700 – 838 W. Hastings St.  
Vancouver, BC V6C 0A6

**Item 2 Date of Material Change**

December 18, 2024

**Item 3 News Release**

A news release dated December 18, 2024 was disseminated through the facilities of CISION, and was subsequently filed on SEDAR+ and on the Australian Securities Exchange (“**ASX**”). A copy of the press release is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), on the ASX at [www.asx.com.au](http://www.asx.com.au) and on the Company’s website at <https://patriotbattery.com>.

**Item 4 Summary of Material Change**

The Company announced on December 18, 2024 that it had entered into a subscription agreement (the “**Subscription Agreement**”) with Volkswagen Group, Germany’s largest car manufacturer, through its holding and financing company, Volkswagen Finance Luxemburg S.A. (“**Volkswagen**”), providing for the issue and sale to Volkswagen of 15,557,500 common shares of the Company (“**Common Shares**”) at a price of C\$4.42 per share (the “**Subscription Price**”), for aggregate gross proceeds of approximately C\$69 million<sup>1</sup> to be paid on closing in U.S. Dollars in the amount of US\$48 million (the “**Strategic Investment**”).

The Subscription Price represents a 65% and 35% premium to the 30-day and 90-day volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (“**TSX**”) for the period ending December 17, 2024, the last trading day prior to the announcement of the Strategic Investment

Upon closing of the Strategic Investment, Volkswagen will own approximately 9.9% of Patriot’s issued and outstanding Common Shares on a pro forma non-diluted basis and will be granted certain rights pursuant to an investor rights agreement to be entered into between Volkswagen and the Company (the “**Investor Rights Agreement**”).

The proceeds from the Strategic Investment will be used for exploration, development and completion of a feasibility study on the Company’s Shaakichiuwaanaan Lithium Project in Québec, Canada (the “**Shaakichiuwaanaan Project**”), as well as for general and working capital purposes.

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<sup>1</sup> Canadian equivalent amount which is based on gross proceeds of US\$48 million to be paid at closing and based on a USDCAD exchange rate of 1.4310 as at December 17, 2024. Actual Canadian equivalent amount is subject to prevailing USDCAD exchange rate at closing.

As part of the Strategic Investment, Patriot will enter into a binding offtake term sheet (the “**Offtake**”) with Volkswagen’s wholly-owned and vertically integrated battery manufacturer, PowerCo SE (“**PowerCo**”), for Patriot to supply 100,000 tonnes of spodumene concentrate (SC 5.5 target) per year over a 10-year term.

The Strategic Investment is expected to close on or before mid-January, 2025.

## **Item 5.1 Full Description of Material Change**

The Company announced on December 18, 2024 that it had received a Strategic Investment from Volkswagen Group, Germany’s largest car manufacturer, and entered into a Subscription Agreement with Volkswagen providing for the issue and sale to Volkswagen of 15,557,500 Common Shares at a Subscription Price of C\$4.42 per share, for aggregate gross proceeds of approximately C\$69 million<sup>2</sup> to be paid on closing in U.S. Dollars in the amount of US\$48 million.

The Subscription Price represents a 65% and 35% premium to the 30-day and 90-day volume weighted average trading price of the Common Shares on the TSX for the period ending December 17, 2024, the last trading day prior to the announcement of the Strategic Investment

Upon closing of the Strategic Investment, Volkswagen will own approximately 9.9% of Patriot’s issued and outstanding Common Shares on a pro forma non-diluted basis and will be granted certain rights pursuant to the Investor Rights Agreement.

The proceeds from the Strategic Investment will be used for exploration, development and completion of a feasibility study on the Shaakichiuwaanaan Project, as well as for general and working capital purposes.

As part of the Strategic Investment, Patriot will enter into the Offtake with Volkswagen’s wholly-owned and vertically integrated battery manufacturer, PowerCo, for Patriot to supply 100,000 tonnes of spodumene concentrate (SC 5.5 target) per year over a 10-year term.

The Offtake is expected to supply PowerCo’s cell production activities in Europe and North America, including its battery cell factory in St. Thomas, Canada.

### **Offtake**

In the Offtake, to be entered into with PowerCo upon closing of the Strategic Investment, PowerCo will be entitled to an annual supply of 100,000 tonnes of spodumene concentrate with a target specification of 5.5% Li<sub>2</sub>O for a term of 10 years, with the option to extend for another five years upon mutual agreement of the parties. The offtake pricing mechanism is linked to reported indices for lithium chemicals and spodumene using modifying factors against the indices to derive an adjusted long-term contracted price for spodumene concentrate recognising that PowerCo has provided a strategic investment in the Company.

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<sup>2</sup> Canadian equivalent amount which is based on gross proceeds of US\$48 million to be paid at closing and based on a USDCAD exchange rate of 1.4310 as at December 17, 2024. Actual Canadian equivalent amount is subject to prevailing USDCAD exchange rate at closing.

The pricing mechanism is subject to regular price reviews to ensure pricing continues to remain connected to reported prices for spodumene concentrate. The Offtake is subject to a number of customary terms and conditions reflecting the pre-feasibility status of the Shaakichiuwaanaan Project. The conditions precedent in the Offtake include a final investment decision (“**Project FID**”), obtaining all necessary authorizations and approvals and successful commissioning of Stage 1 of the Shaakichiuwaanaan Project by 30 June 2031. The parties intend to replace the Offtake term sheet with a more comprehensive offtake agreement following completion of the feasibility study. If a comprehensive offtake agreement has not been entered into within 90 days of the feasibility study (or a later date as agreed by the parties), the binding Offtake term sheet will continue to apply.

#### **Investor Rights Agreement**

The Investor Rights Agreement to be entered into by Patriot and Volkswagen on closing of the Strategic Investment will grant Volkswagen the right to participate in future equity raises by the Company. The Company has also agreed to use commercially reasonable efforts to assist Volkswagen to acquire additional Common Shares at then-current market prices in connection with ordinary course dilution. Volkswagen has agreed in the Investor Rights Agreement to a 24 month standstill on customary terms. Volkswagen has also agreed not to transfer the Common Shares acquired in the Strategic Investment for a period of two years, except in certain customary circumstances including takeovers, mergers or plans of arrangement.

Volkswagen and PowerCo will be represented on an advisory technical committee to be formed by Patriot to support the planning and development of the Shaakichiuwaanaan Project.

The Investor Rights Agreement contemplates that following release of the feasibility study for the Shaakichiuwaanaan Project, Volkswagen will have the opportunity to act as a cornerstone investor for Project FID funding in return for additional offtake, in each case on terms to be mutually agreed by the parties. Any such Project funding provided by Volkswagen would form part of the Company’s overall funding strategy for the Shaakichiuwaanaan Project.

#### **MOU**

As part of the Strategic Investment, Patriot and PowerCo have entered into a non-binding and non-exclusive memorandum of understanding (“**MoU**”) to be effective on closing of the Strategic Investment for a 24 month term. In the MoU, the parties have agreed to jointly explore opportunities for collaboration on shared strategic objectives relating to the Shaakichiuwaanaan Project including:

- providing assistance and support for the future development of the Shaakichiuwaanaan Project including broadening the Shaakichiuwaanaan Project’s exposure to a wider range of investors, financiers and other commercial or strategic partners who can assist with the funding and development of the Shaakichiuwaanaan Project;
- exploring potential downstream partnership opportunities for the development of a chemical conversion facility at a location to be determined;
- exploring midstream opportunities to produce an intermediary product at the mine to lower transport costs and carbon intensity;
- achieving industry-best ESG standards;

- collaborating on tolling opportunities;
- targeting partnerships with proven chemical conversion knowhow and technology partners; and
- leveraging existing relationships toward government support, incentives and funding.

### **Timing**

The Strategic Investment is subject to TSX approval and other customary closing conditions and is expected to close on or before mid-January, 2025. The Common Shares issued to Volkswagen will be issued under the Company's existing ASX Listing Rule 7.1 capacity without shareholder approval.

### **Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7 Omitted Information**

Not applicable.

### **Item 8 Executive Officer**

Kenneth Brinsden  
 President, Chief Executive Officer and Managing Director  
 Telephone: 1-604-279-8709

### **Item 9 Date of Report**

December 27, 2024

### **Disclaimer for Forward-Looking Information**

*This report contains "forward-looking information" or "forward-looking statements" within the meaning of applicable securities laws and other statements that are not historical facts. Forward-looking statements are included to provide information about management's current expectations and plans that allows investors and others to have a better understanding of the Company's business plans and financial performance and condition. All statements included in this report regarding the Company's strategy, future operations, financial position, prospects, plans and objectives of management are forward-looking statements that involve risks and uncertainties. Forward-looking statements are typically identified by words such as "plan", "expect", "estimate", "anticipate", "believe", "may", "could", "would", "achieve", "explore", "develop", "establish" or "will". In particular and without limitation, this report contains forward-looking statements pertaining to the closing of the Strategic Investment, the expected use of proceeds derived from the Strategic Investment, the entering into of the Offtake and Investor Rights Agreement on closing of the Strategic Investment, the expectation that the Company will complete a feasibility study for the Shaakichiuwaanaan Project, the potential that Volkswagen may agree to provide additional financing to the Company in the future in return for additional offtake on terms to be agreed, the satisfaction of the conditions precedent in the Offtake, the entering into by the Company and PowerCo of a comprehensive offtake agreement, and the potential for Volkswagen and PowerCo to collaborate on certain shared strategic objectives identified in the MoU.*

*Forward-looking information is based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such information or statements. There can be no assurance that such information or statements will prove to be accurate. Key assumptions upon which the Company's forward-looking information is based include the ability of the Company to satisfy all closing conditions of the Strategic Investment and the total funding required and timeline to complete the feasibility study for the Shaakichiuwaanaan Project, the Canadian dollar equivalent of the gross proceeds of the Strategic Investment which will be received in U.S. Dollars, the ability of the Company to achieve Project FID, the economic feasibility of the Shaakichiuwaanaan Project, the ability of the Company to finance the development of the Shaakichiuwaanaan Project on commercially viable terms, receipt of all permits necessary to construct and operate the Shaakichiuwaanaan Project, and the ability of the Company to produce lithium at the Shaakichiuwaanaan Project to satisfy its obligations under the Offtake. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions considered by the Company.*

*Forward-looking statements are also subject to risks and uncertainties facing the Company's business, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. Some of the risks and the uncertainties that could cause the Company's actual results to differ materially from those expressed in the forward-looking statements include, among others, the Company's ability to satisfy all the closing conditions to the Strategic Investment, the ability of the Company to satisfy the conditions precedent in the Offtake, the commercial terms set forth in the Offtake given the early stage of the Shaakichiuwaanaan Project, the development of the Shaakichiuwaanaan Project, currency exchange rates and the ability of the Company to satisfy its contractual obligations. In addition, readers are directed to carefully review the detailed risk discussion in the Company's most recent Annual Information Form filed on SEDAR+, which discussion is incorporated by reference in this report, for a fuller understanding of the risks and uncertainties that affect the Company's business and operations.*

*Although the Company believes its expectations are based upon reasonable assumptions and has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be factors unknown to the Company that could cause events or results to differ from management's expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. If any of these risks or uncertainties materialize, actual results may vary materially from those anticipated in the forward-looking statements referenced herein. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, readers should not place undue reliance on forward-looking statements.*

*Forward-looking statements referenced herein are presented for the purpose of assisting investors in understanding the Company's business plans, financial performance and condition and may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable law. The Company qualifies all of the forward-looking statements in this report by reference to these cautionary statements.*