



LAKE RESOURCES

LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

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LAKE'S POSITIVE RESULTS CONTINUE AT KACHI PROJECT ARGENTINA

- **Positive lithium results returned in brine sampling at Kachi Lithium Brine Project**
- **Confirms move towards maiden drill programme to be started soon**
- **Target size continues to expand on 100% owned lithium brine project**

Argentina focused lithium exploration company Lake Resources N.L. (ASX:LKE, "Lake" or "LKE") is pleased to report more positive lithium brine sampling results at the ~52,000 hectare Kachi Lithium Brine Project in Catamarca province, Argentina.

Elevated lithium results of over 200 mg/L Lithium have been recorded from near-surface auger brine sampling. These results are very positive in the reconnaissance stage. Central parts of the salt lakes, where better results are usually expected, were not able to be sampled due to unseasonal rainfall in the past month (first recorded rainfall in 5 years in this desert environment).

Lake is moving towards a maiden drilling programme to be started soon and these positive results confirm the drill focus. The target size continues to expand which is encouraging as the Kachi Lithium Brine Project has been consolidated for the first time under a single owner, with Lake holding 100%.

Positive Results Continue - Kachi Lithium Brine Project

Best results ranged up to 204 mg/L lithium compared with earlier reconnaissance samples up to 322 mg/L lithium.

Both sampling campaigns were around the borders of the salt lakes (salars) for reasons of access. Better results are anticipated towards the centre of the salt lakes as this is consistent with the evolution of lithium concentrations in salt lakes throughout the Lithium Triangle and the findings of other explorers. However, it has been a wet year in the Lithium Triangle, resulting in the recent unseasonal rainfall (first time in 5 years) in the project area, that inhibited access to these areas of the project.

Despite the lack of access to the central part of the salt lakes, these results are sufficiently elevated to support the rationale for drilling in the central areas of the salt lakes. Drilling is the best method to assess the potential.

Drilling is expected to commence soon to test the lithium bearing aquifers below surface.

"The positive results continue to support the focus on drilling in the coming weeks as the results appear better than Albemarle's adjoining Antofalla project" said the Managing Director, Steve Promnitz.

The Kachi Lithium Brine Project

The Kachi Lithium Brine Project is located in Catamarca province, approximately 100km south of FMC's Hombre Muerto Lithium brine production operation and Galaxy's Sal de Vida project and adjacent to Albemarle's Antofalla development project. The Kachi Lithium Brine Project is a consolidated mining lease package of ~52,000 Ha of granted mining leases owned 100% by Lake, centred around a salt lake within a large basin almost 100km long. Virtually all leases have been approved for exploration (~90% by number).

The Kachi Project is under active exploration, with recent positive lithium surface sample results to be followed by geophysics and drilling in the coming weeks. The leases lie in the Lithium Triangle where the world's largest and lowest cost production of lithium is located.

Near-Surface Brine Sampling

Brine samples were collected from groundwater in auger holes to depths of 0.2 – 1.7m, beneath a salt crust 10-40cm thick. Sampling had been planned on a systematic grid, but recent above average rainfall restricted access to the centre of the salt lakes. Better results could be reasonably expected in the centre of the salt lakes, although dilution by recent rain may limit the value of further auger sampling and drilling is considered the best method to assess the project's lithium potential.

One litre water samples with duplicates were collected in clean bottles and tested for conductivity. Samples with electrical conductivity (EC) of >70 mS/cm EC were analysed in the SGS laboratory in Buenos Aires, Argentina. SGS results were broadly lower in lithium compared to prior analyses in similar areas during the reconnaissance sampling, which was analysed at the Alex Stewart/Norlab laboratory. This is consistent with dilution of brine in the recent sampling from the surface halite unit, which displays fractures that allow dilution from rainwater.

Figure 1 shows the location of sample sites along with lithium results from this sampling program. Figure 2 provides analytical results of the brine sampling as well as QA/QC checks. Figure 3 shows physical features and attributes of the project location and the sampling methodology.

Sparsely reported results from previous explorers returned up to 261 mg/L Li (NI 43-101 report from J. Ebisch 2009). No previous drilling is known to have been conducted in the area. A Vertical Electrical Sounding (VES) geophysical survey was completed by NRG Metals Inc recently on adjoining leases which revealed a consistent sub-surface horizon which is conductive and interpreted to represent a thick, brine-rich zone, with plans for drilling soon (NI 43-101 report from Rojas y Asociados Mining Consultants 2016).

Exploration Programme

Systematic auger and pit sampling was planned at 500 m spaced points on lines separated by 1000m north south, however wet conditions limited sampling to the edges of the salt lakes. Electrical geophysics (VES) is also scheduled in the coming weeks to assist targeting the planned drilling programme.

The project has reasonable access by unsealed roads and tracks from a sealed road which leads to the nearby town of Antofagasta de la Sierra, which also provides accommodation. Mobile phone coverage is available near the town, with communication on site by satellite phone and two-way radio. Recent increased exploration activity in the region by Albemarle and others has limited accommodation but the company has secured housing and renovated local farm houses for the drilling campaign.

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Background on Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake) is undertaking an aggressive exploration programme to explore/develop prime lithium projects in Argentina, owned 100%, among some of the largest players in the lithium sector. Lake holds three key lithium brine projects located in the Lithium Triangle which produces half of the world's lithium. Lake also holds one large package of lithium pegmatite properties which were an unappreciated source of lithium in Argentina until recently. Lake holds one of the largest lithium tenement packages in Argentina (~165,000Ha) secured prior to a significant 'rush' by major companies.

The three key brine projects held by Lake have similar settings to major world class brine projects being developed – Olaroz/Cauchari, Paso and Kachi in the highly prospective Jujuy and Catamarca Provinces. One project is located next to Orocobre’s Olaroz lithium production and Lithium Americas Cauchari project, with another south of FMC’s lithium operation. Upcoming exploration in lithium brine basins, one which is adjacent to some of the leading lithium producers/developers, including Orocobre and SQM, may provide several catalysts for the company’s growth as these areas are assessed for major discoveries.

Significant corporate transactions continue in adjacent leases with development of Lithium Americas Olaroz/Cauchari project with a 28% equity investment of C\$106 million, from Gangfeng, an important Chinese producer, and BCP Innovation with a US\$205 million debt facility. Advantage Lithium announced a transaction to earn 57% equity in some of Orocobre’s leases, including Cauchari, raising C\$20 million in the market. LSC Lithium has also raised \$40 million on a large lease package.

Competent Person’s Statement – Kachi Lithium Brine Project

The information contained in this ASX release relating to Exploration Results has been compiled by Mr Andrew Fulton. Mr Fulton is a Hydrogeologist and a Member of the Australian Institute of Geoscientists and the Association of Hydrogeologists. Mr Fulton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial exploration at the Kachi project.



Figure 1: Kachi Lithium Brine Project – sampling

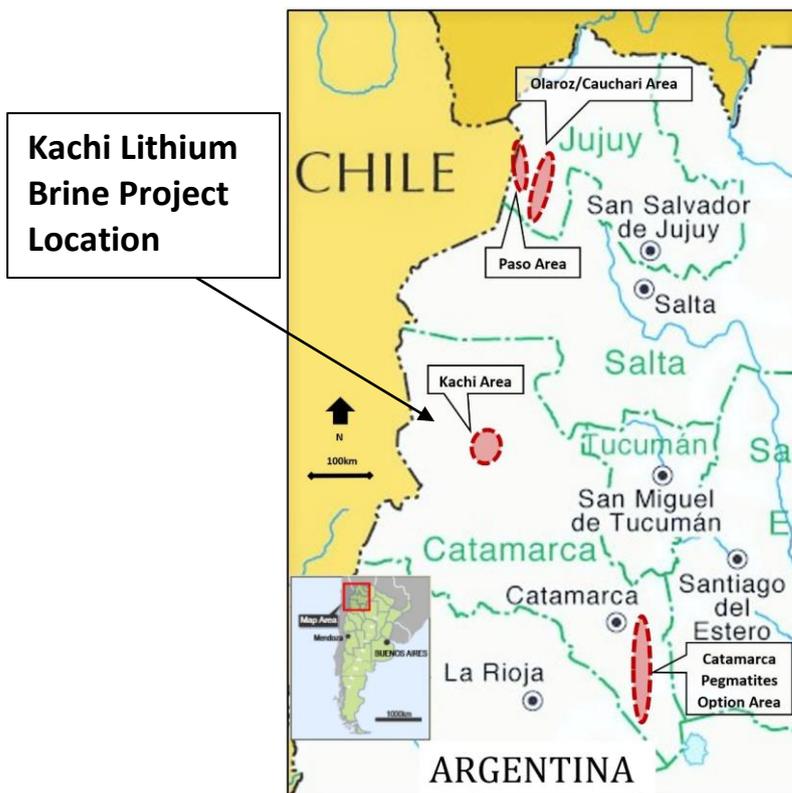


Figure 2: Kachi Lithium Brine Project location & all Lake lithium projects

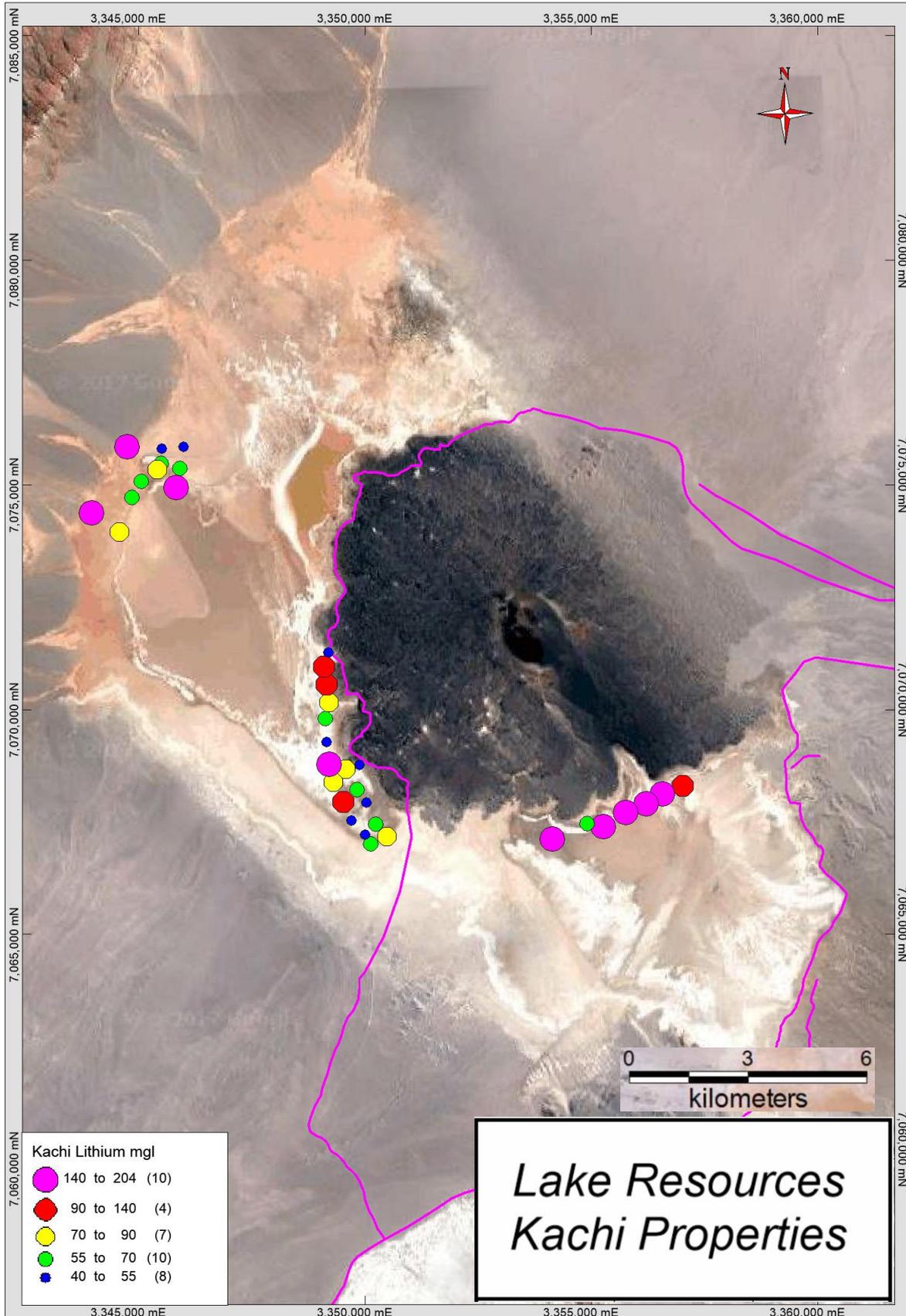


Figure 3: Kachi Lithium Brine Project sample locations and lithium results (mg/L)

| Sample No. | UTM E m | UTM N m | Conductivity mS/cm | Li mg/l |
|---------------------|------------|------------|-----------------------|------------|
| WGS84 Zone19 | | | | |
| 6 | 648908 | 7067987 | 81.5 | 52 |
| 29 | 644683 | 7074788 | 110.3 | 69 |
| 30 | 644596 | 7074657 | 122.6 | 76 |
| 40 | 644695 | 7075119 | 79.4 | 47 |
| 41 | 645183 | 7075160 | 72.9 | 46 |
| 42 | 645088 | 7074676 | 104.7 | 60 |
| 43 | 644995 | 7074254 | 228.4 | 152 |
| 47 | 643723 | 7073297 | 139.5 | 77 |
| 50 | 644236 | 7074400 | 103.4 | 61 |
| 51 | 644018 | 7074059 | 115.8 | 68 |
| 52 | 648603 | 7067907 | 134.1 | 84 |
| 53 | 648838 | 7067444 | 94.4 | 57 |
| 54 | 649031 | 7067151 | 71.1 | 45 |
| 55 | 649234 | 7066663 | 99.1 | 68 |
| 56 | 649470 | 7066380 | 106.7 | 80 |
| 58 | 649107 | 7066226 | 80.7 | 55 |
| 59 | 648989 | 7066438 | 84.9 | 48 |
| 60 | 648700 | 7066762 | 80.7 | 45 |
| 61 | 648519 | 7067176 | 130.4 | 114 |
| 62 | 648318 | 7067617 | 131.3 | 73 |
| 63 | 648236 | 7068020 | 216.5 | 204 |
| 64 | 648192 | 7068518 | 120.1 | 53 |
| 65 | 648175 | 7069033 | 118.1 | 62 |
| 66 | 648267 | 7069389 | 134.6 | 83 |
| 67 | 648212 | 7069791 | 161.5 | 91 |
| 68 | 648172 | 7070199 | 174.1 | 138 |
| 69 | 648267 | 7070511 | 96.5 | 52 |
| 73 | 656038 | 7067359 | 170.3 | 103 |
| 74 | 655572 | 7067189 | 225.6 | 149 |
| 75 | 655206 | 7066975 | 224.0 | 192 |
| 76 | 654753 | 7066799 | 220.3 | 152 |
| 77 | 654254 | 7066486 | 208.7 | 151 |
| 78 | 653897 | 7066573 | 75.3 | 56 |
| 80 | 653125 | 7066239 | 175.5 | 171 |
| 84 | 643932 | 7075180 | 210.0 | 154 |
| 85 | 643108 | 7073739 | 235.5 | 159 |
| 544 | 655337 | 7067098 | | 209 |
| 546 | 656137 | 7067459 | | 48 |
| 548 | 647786 | 7071743 | | 322 |
| 550 | 647903 | 7070620 | | 155 |

Figure 4: Kachi Lithium Brine Project tabulated sample locations and lithium results (mg/L)

Table 1 Report: Kachi Lithium Brine Project

| Criteria | Section 1 - Sampling Techniques and Data |
|--|---|
| <i>Sampling techniques</i> | <ul style="list-style-type: none"> • Brine samples were taken from groundwater with a bailing device from a hand dug pit that was deepened using a soil auger at depths of 0.2m to 1.7m. The bailer is lowered to the base of the hole and the brine sample collected and brought to surface. • The brine sample was collected in a clean plastic bottle (1 litre) and filled to the top to minimize air space within the bottle. A duplicate was collected at the same time for storage and submission of duplicates to the laboratory. Each bottle was taped and marked with the sample number. |
| <i>Logging</i> | <ul style="list-style-type: none"> • Soil, salt and cuttings from each auger pit was examined for geologic logging by a geologist and a photo taken for reference. |
| <i>Sub-sampling techniques and sample preparation</i> | <ul style="list-style-type: none"> • Brine samples were collected by bailing brine, which collects at the base of the hole. Bailing homogenizes samples and no sub-sampling is undertaken in the field. • The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the sample number. |
| <i>Quality of assay data and laboratory tests</i> | <ul style="list-style-type: none"> • The SGS laboratory in Buenos Aires, Argentina was used for these analyses of brine samples as a comparison to the primary laboratory of Alex Stewart Argentina/Norlab SA in Palpala, Jujuy, Argentina, used to conduct the assaying of the prior brine samples collected. SGS also analyzed blind control samples and duplicates in the analysis chain. Both the SGS laboratory and the Alex Stewart/Norlab SA laboratory are ISO 9001 and ISO 14001 certified, and both have significant experience in the chemical analysis of brines and inorganic salts. The Alex Stewart Argentina S.A. laboratory in Mendoza, Argentina, has significant experience in this field and has been operating for a considerable period. The reader is cautioned that no certified standard samples were included with this small batch (as certified standards were not available at this time), but will be included in all future batches of analyses. However, field duplicates and blank samples were included with the primary samples analyzed. • The quality control and analytical procedures used at the SGS laboratories and Alex Stewart/Norlab SA laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts. |
| <i>Verification of sampling and assaying</i> | <ul style="list-style-type: none"> • Certified standards were not included with the samples. However, field duplicates and blanks were included to monitor potential contamination of samples and the repeatability of analyses. A detailed QA/QC program is planned as part of the future sampling programme and would be in a future drilling program. Accuracy, the closeness of measurements to the “true” or accepted value, will be monitored by the insertion of certified laboratory standards, or reference samples, and by check analysis at an independent (or umpire) laboratory. • Duplicate samples in the analysis chain were submitted to SGS laboratories and Alex Stewart/Norlab SA as unique samples (blind duplicates) during the process • Stable blank samples (distilled water) were used to evaluate potential sample contamination and will be inserted in future to measure any potential cross contamination • Samples were analysed for conductivity using a hand-held Hanna pH/EC multiprobe. Higher conductivity samples were sent to the lab for analysis, together with some low conductivity samples as a check. |
| <i>Location of data points</i> | <ul style="list-style-type: none"> • The auger hole sample sites were located with a hand-held GPS. • The location is in POSGAR Faja 2 and Faja 3 (UTM 19) or in WGS84 UTM. |
| <i>Data spacing and distribution</i> | <ul style="list-style-type: none"> • Brine samples were collected at approximately 500m points on 1000m spaced lines north-south. |
| <i>Orientation of data in relation to geological structure</i> | <ul style="list-style-type: none"> • The salt lake (<i>salar</i>) deposits that contain lithium-bearing brines generally have sub-horizontal beds and lenses that may contain sand, gravel, salt, silt and clay. The near-surface auger samples test the near-surface groundwater. Future planned vertical drill holes would be essentially perpendicular to these units, intersecting their true thickness |
| <i>Sample security</i> | <ul style="list-style-type: none"> • Samples transported to the SGS laboratory or the Alex Stewart/Norlab SA laboratory for chemical analysis were transported in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. Samples were transported by a trusted member of the team. • The samples were moved from the auger sample site to secure storage at the hotel on a daily basis. All brine sample bottles are marked with a unique label not related to the location. |
| <i>Review (and Audit)</i> | <ul style="list-style-type: none"> • No audit of data has been conducted to date. |

| Criteria | Section 2 - Mineral Tenement and Land Tenure Status |
|--|---|
| <i>Mineral tenement and land tenure status</i> | <ul style="list-style-type: none"> • The Kachi Lithium Brine project is located approximately 100km south-southwest of FMC's Hombre Muerto lithium operation and 45km south of Antofagasta de la Sierra in Catamarca province of north western Argentina at an elevation of approximately 3,000m asl. • The project comprises approximately 52,300 Ha in twenty-seven mineral leases (minas) of which twenty-three leases (46,000 Ha) are granted for initial exploration and four leases are applications pending granting. • The tenements are believed to be in good standing, with payments made to relevant government departments. |
| <i>Exploration by other parties</i> | <ul style="list-style-type: none"> • Marifil Mines Ltd conducted sparse near-surface pit sampling of groundwater at depths less than 1m during 2009. • Samples were taken from each hole and analysed at Alex Stewart laboratories in Mendoza Argentina. • Results were reported in an NI 43-101 report by J. Ebisch in December 2009 for Marifil Mines Ltd. • NRG Metals Inc has recently commenced exploration in adjacent leases under option. A Vertical Electrical Sounding (VES) geophysical survey was completed by NRG Metals Inc recently on adjoining leases which revealed a consistent sub-surface horizon which is conductive and interpreted to represent a thick, brine-rich zone, with plans for drilling soon. Geophysical data was collected by ConHidro SRL of Salta and Catamarca, Argentina and interpreted by Sergio Lopez & Associates, Salta. • Results were reported in an NI 43-101 report by Rojas y Asociados Mining Consultants dated December 2016 for NRG Metals Inc. • No other exploration results were able to be located |
| <i>Geology</i> | <ul style="list-style-type: none"> • The known sediments within the <i>salar</i> consist of salt/halite and some clay. The sediments below 2 m are not known, but may include, sands, gravels, silts and clays accumulated in the <i>salar</i> from terrestrial sedimentation and evaporation of brines. • Brines within the salt lake are formed by solar concentration, with brines hosted within sedimentary units, which are unknown beyond 2 m depth. • Geology was recorded during the auger drilling of all the holes |
| <i>Further work</i> | <ul style="list-style-type: none"> • The company will undertake ground geophysics and consider drilling on the tenements once the next auger sampling programme has been completed and results assessed. |