

31 January 2018

Lake Resources N.L.
ASX:LKE

Shares on Issue:
233,643,026

Options Listed:
19,200,000 (10c)

Options Unlisted:
39,039,250 (5c/10c)
(32,789,250 vested)
9,500,000 (28c)

Market Capitalisation:
\$37 million (@16c)

Share Price Range:
\$0.035 – 0.31 (12mth)

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HIGHLIGHTS

- **Initial drilling at the Kachi Lithium Brine Project in Catamarca has intersected conductive brines in porous sandy horizons.**
- **Kachi Lithium Brine Project covers ~52,000Ha consolidated mining leases over previously undrilled salt lake.**
- **Results delayed due to slow drilling progress - another rig contracted for additional capacity.**
- **Focus in current Quarter on expanding drilling at Kachi Lithium Brine Project with assay results to be reported.**
- **Lease approval discussions advanced to access the Olaroz/Cauchari and Paso Projects in Jujuy province adjacent to Orocobre and SQM/Lithium Americas.**
- **Four prime lithium projects – 3 brine projects and 1 hard rock project in Argentina – with one of the largest lithium lease holdings in Argentina of 170,000 Ha, including areas under option.**
- **Lake completed a A\$1.6m debt security facility to provide additional funding for a drill program without equity dilution.**

Lake Resources NL is an exploration and development company with one of the largest lithium lease holdings in Argentina of 170,000 Ha, including areas under option with four prime lithium projects, 3 brine projects and 1 hard rock project in Argentina. Each project is capable of being a 'company maker'.

These include the Kachi Lithium Brine Project which covers ~52,000Ha consolidated mining leases over a previously undrilled salt lake; the Olaroz/Cauchari and Paso Projects in Jujuy province adjacent to Orocobre and SQM/Lithium Americas; and Catamarca Pegmatite Lithium Project (~72,000 Ha), under option, with large pegmatite swarms over 150km of strike.

LAKE RESOURCES N.L.
QUARTERLY REPORT – ENDING 31 DECEMBER 2017

OPERATIONS

Kachi Lithium Brine Project - Catamarca Province, Argentina

The Kachi Lithium Brine Project is located in Catamarca province, Argentina, approximately 80km south of FMC Corp's Hombre Muerto Lithium brine operation) and Galaxy Resources Limited's Sal de Vida lithium brine project. Albemarle Corp's Antofalla lithium potash brine development project is in the adjacent basin.

The Kachi Project is a consolidated mining lease package of ~52,000 Ha of mining leases owned 100% by Lake (90% granted), centred around a previously undrilled salt lake within a large basin. The area has been recently recognised as a potential lithium brine bearing basin and is the first time the area has been consolidated under one owner. Near-surface brines show high conductivities, and auger sampling has displayed positive lithium results.

Lake's Argentine subsidiary commenced a maiden drilling programme of lithium brines during the quarter. Drilling is aimed at reaching a target depth of 300m to intersect further brine horizons which are anticipated at depth and may show significant results as suggested by nearby third party drilling with results above ~250 mg/L lithium below 170m depth.

Drilling progressed in two holes during November/December for a total of 200m, with 71m in the first hole to test the shallow aquifer, as part of an initial 1,500m programme. It has already intersected conductive brines within porous sands, which are an excellent host material.

Post quarter end, drilling has been slow due to the challenging nature of the sandy horizons with drilling advancing 25m in January which has delayed the anticipated brine assay samples. Another larger drilling rig is being contracted for immediate commencement for additional drilling capacity. This is a rotary rig that will be focused on testing brines rather than geology.

Drilling is aimed at reaching a target depth of 300m to intersect further brine horizons which are anticipated at depth and may show significant results as suggested by nearby third party drilling with results above ~250 mg/L lithium below 170m depth.

The exploration programme has continued **over approved lithium brine mining leases** in the Kachi Lithium Brine Project in Catamarca province.

Olaroz/Cauchari & Paso Lithium Brine Projects - Jujuy Province, Argentina

Lake holds mining lease applications over almost 45,000 hectares in two areas in Jujuy Province, in NW Argentina. The initial applications from March 2016 were successfully appealed by Lake's local Argentine subsidiary in a local court. Discussions have now advanced to gain access and further information is anticipated in the coming quarter. Most of the area was reapplied for in November 2016 when a moratorium on new applications was lifted by the provincial government to ensure the areas were covered. Leases/applications are held 100% through Lake's local subsidiaries.

The leases cover areas in and around Orocobre Limited, currently in production, and SQM / Lithium Americas Corporation, currently developing a new brine project, in the Cauchari/Olaroz basin in Jujuy Province, Argentina. Although data is limited within the properties, the tenements may cover potential extensions to the Cauchari/Olaroz projects with potential extensions to existing aquifers.

Exploration will commence as soon as access is available. Substantial ground geophysics and drilling has been completed in the surrounding leases at Olaroz/Cauchari.

Catamarca Lithium Pegmatite Project - Catamarca Province, Argentina

An option agreement with Petra Energy SA exists over a large area (~72,000 Ha) of potential lithium bearing pegmatites in Ancasti, Catamarca Province, Argentina. The optioned leases (exploration and mining leases and applications) cover a large part of this newly recognised 150km long belt of pegmatite swarms. These areas are at low altitudes with good year-round access. The agreement was extended under similar terms to allow for completion of the formation of the local entity to allow a share transfer if the option is exercised in full.

The pegmatites were recognised following a study of past lithium (spodumene) mining leases, satellite image interpretation and field visits by Lake's geologists. Spodumene is a lithium-bearing mineral, usually in pegmatites, used as feedstock by most of the world's hard-rock lithium producers. Within these areas, Lake applied for eight exploration leases (cateos) and a small number of mining leases (minas) with approximately half granted to date. Lake has conducted initial field visits to assess the project. The aim is to locate a large swarm of pegmatites with spodumene as a drill target and project development target.

CORPORATE

Cash Position

Lake held cash of \$1.5 million as at 31 December 2017, in AUD, USD and Argentine Pesos. Lake issued a A\$1.6 million short term debt security to provide additional funding for a drill program without dilution, adding to the cash position to meet current exploration initiatives. As a result, the Company is sufficiently funded to pursue current exploration initiatives and meet all corporate expenses. Options (5c) which are 'in the money' are anticipated to be converted prior to expiry on 4 April 2018.

Capital Structure

Lake has 233,643,026 shares on issue as at 31 December 2017. Listed options include 19,200,000 options (LKEO) with an exercise price of \$0.10 (expiry 28 August 2018). Unlisted options include 31,250,000 options with an exercise price of \$0.05 (expiry 4 April 2018 and 30 November 2018) and 1,539,250 options with an exercise price of \$0.10 (expiry 14 June 2018). Another 6,250,000 unlisted options and 12,500,000 performance rights were included in the transaction with Lith NRG Pty Ltd, together with 2,500,000 LTI Plan Performance Rights, which have yet to reach the required hurdles for vesting. 9,500,000 unlisted options with an exercise price of \$0.28 (expiry 31 December 2020) were issued to the directors with shareholder approval at the Annual General Meeting.

AGM

Lake held a successful Annual General Meeting on 30 November 2017 in Brisbane Australia with all resolutions passed.

Outlook

The focus in the coming quarter will be:

Kachi Lithium Brine Project - Catamarca Province

- Continuation and expansion of the drilling.
- Report initial assay results from drilling.

Olaroz/Cauchari & Paso Lithium Brine Projects - Jujuy Province

- Further progress in discussions to access the project areas.

For further information, please contact:

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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 and develop prime lithium projects in Argentina, owned 100%, among some of the largest players in the lithium sector. Lake holds one of the largest lithium tenement packages in Argentina (~170,000Ha) secured prior to a significant 'rush' by major companies with 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.

The three key brine projects, Olaroz/Cauchari, Paso and Kachi, have similar settings to major world class brine projects being developed in the highly prospective Jujuy and Catamarca Provinces. One project is located next to Orocobre's Olaroz lithium production and SQM/Lithium Americas Cauchari project. The Kachi project covers 52,000 Ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project.

Drilling at Kachi has shown conductive brines in thick porous sands with results anticipated over the coming months. Surface sampling has revealed positive lithium results which will be expanded through the drilling program and geophysics. Exploration and permitting over Kachi and the other projects will 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 SQM/Lithium Americas Olaroz/Cauchari project with an equity/debt investment over \$300 million and Advantage Lithium's equity transaction in some of Orocobre's leases. LSC Lithium has also raised over \$60 million on a large lease package in similar areas as Lake's properties. Nearby projects of Lithium X were subject to a takeover offer of C\$265 million in December 2017.



Figure 1: Location map of Lake Resources lithium brine and hard rock (pegmatite) projects in NW Argentina

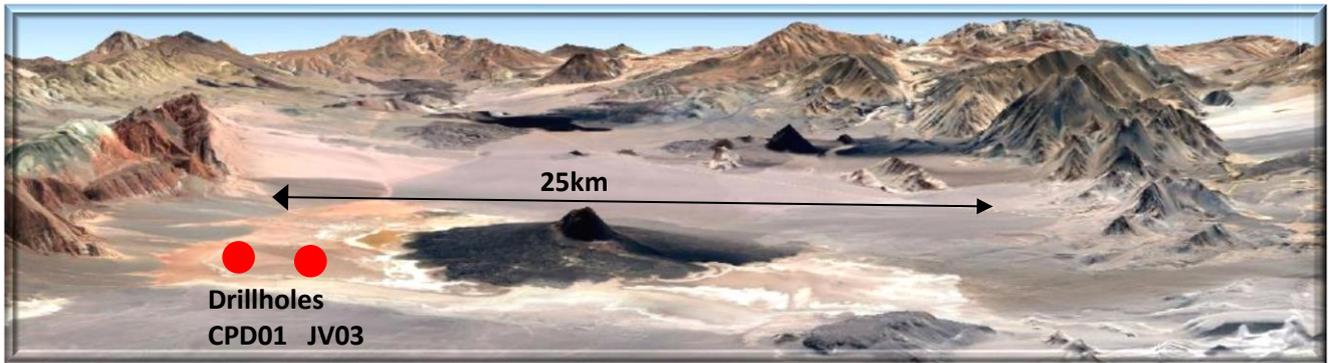


Fig 2: Images of the diamond drill rig at the first and second drill holes of the Kachi project

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.

Information in this report is extracted from the ASX announcement dated 29 January 2018, “Drilling continues at Kachi Lithium Project” and is available for viewing on the Company’s website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or ore reserves that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

SCHEDULE OF TENEMENTS (Appendix 5B)

TOTAL NUMBER TENEMENTS: **58**

TOTAL AREA TENEMENTS: **100,721 Ha**

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
OLAROSZ - CAUCHARI AREA						
	Cauchari Bajo I	2156-P-2016	375	100	Jujuy	Application
	Cauchari Bajo II	2157-P-2016	363	100	Jujuy	Application
	Cauchari Bajo III	2158-P-2016	125	100	Jujuy	Application
	Cauchari Bajo IV	2155-P-2016	30	100	Jujuy	Application
	Cauchari Bajo V	2154-P-2016	952	100	Jujuy	Application
	Cauchari Bajo VI	2159-P-2016	32	100	Jujuy	Application
	Cauchari Centro I	2150-P-2016	32	100	Jujuy	Application
	Cauchari Centro II	2151-P-2016	10	100	Jujuy	Application
	Cauchari Centro III	2152-P-2016	10	100	Jujuy	Application
	Cauchari Centro IV	2153-P-2016	10	100	Jujuy	Application
	Cauchari West I	2160-P-2016	1938	100	Jujuy	Application
	Cauchari West II	2161-P-2016	10	100	Jujuy	Application
	Olaroz Centro I	2163-D-2016	35	100	Jujuy	Application
	Olaroz Centro II	2164-D-2016	268	100	Jujuy	Application
	Olaroz Centro III	2165-D-2016	25	100	Jujuy	Application
	Olaroz Centro IV	2166-D-2016	32	100	Jujuy	Application
	Olaroz East I	2167-D-2016	3344	100	Jujuy	Application
	Olaroz East II	2168-D-2016	2072	100	Jujuy	Application
	Olaroz East III	2169-D-2016	3033	100	Jujuy	Application
	Olaroz East IV	2170-D-2016	3034	100	Jujuy	Application
	Olaroz East V	2171-D-2016	3007	100	Jujuy	Application
PASO AREA						
	Paso I	2135-P-2016	3482	100	Jujuy	Application
	Paso II	2136-P-2016	3196	100	Jujuy	Application
	Paso III	2137-P-2016	2950	100	Jujuy	Application
	Paso IV	2138-P-2016	2985	100	Jujuy	Application
	Paso V	2139-P-2016	3195	100	Jujuy	Application
	Paso VI	2140-P-2016	2210	100	Jujuy	Application
	Paso VII	2141-P-2016	3227	100	Jujuy	Application

Paso VIII	2142-P-2016	3070	100	Jujuy	Application
Paso IX	2143-P-2016	3321	100	Jujuy	Application
Paso X	2144-P-2016	1913	100	Jujuy	Application

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
	KACHI AREA					
	Kachi Inca	13-D-2016	1273	100	Catamarca	Granted
	Kachi Inca I	16-D-2016	2880	100	Catamarca	Granted
	Kachi Inca II	17-D-2016	2823	100	Catamarca	Granted
	Kachi Inca III	47-M-2016	3354	100	Catamarca	Granted
	Kachi Inca IV	46-M-2016	186	100	Catamarca	Application
	Kachi Inca V	45-M-2016	310	100	Catamarca	Application
	Kachi Inca VI	44-M-2016	110	100	Catamarca	Granted
	Dona Amparo I	22-D-2016	3000	100	Catamarca	Granted
	Dona Carmen	24-D-2016	873	100	Catamarca	Granted
	Debbie I	21-D-2016	1501	100	Catamarca	Granted
	Divina Victoria I	25-D-2016	1265	100	Catamarca	Granted
	Daniel Armando	23-D-2016	2115	100	Catamarca	Granted
	Daniel Armando II	97-M-2016	1387	100	Catamarca	Granted
	Maria Luz	34-M-2017	2573	100	Catamarca	Application
	Maria II	14-D-2016	888	100	Catamarca	Granted
	Maria III	15-D-2016	1395	100	Catamarca	Granted
	Morena 1	72-M-2016	3024	100	Catamarca	Granted
	Morena 2	73-M-2016	2989	100	Catamarca	Granted
	Morena 3	74-M-2016	3007	100	Catamarca	Granted
	Morena 6	75-M-2016	1606	100	Catamarca	Granted
	Morena 7	76-M-2016	2805	100	Catamarca	Granted
	Morena 8	77-M-2016	2961	100	Catamarca	Granted
	Morena 12	78-M-2016	2704	100	Catamarca	Granted
	Morena 13	79-M-2016	3024	100	Catamarca	Granted
	Pampa I	129-S-2013	2312	100	Catamarca	Granted
	Pampa II	128-S-2013	1119	100	Catamarca	Granted
	Pampa III	130-S-2013	477	100	Catamarca	Granted
58			100721	100		

**CATAMARCA
PEGMATITES**

OPTION

Petra I, II, III, IV	Cateos	40000	option	Catamarca	Granted
Petra V, VI, VII, VIII	Cateos	30000	option	Catamarca	Application
Aguada I, II, III, IV	Minas	9500	option	Catamarca	Application

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
OLAROS - CAUCHARI & PASO REAPPLICATION AREA						
	MASA 1	2223-M-2016	375	100	Jujuy	Application
	MASA 2	2224-M-2016	363	100	Jujuy	Application
	MASA 3	2225-M-2016	125	100	Jujuy	Application
	MASA 4	2226-M-2016	952	100	Jujuy	Application
	MASA 5	2227-M-2016	1937	100	Jujuy	Application
	MASA 6	2228-M-2016	268	100	Jujuy	Application
	MASA 7	2229-M-2016	2072	100	Jujuy	Application
	MASA 8	2230-M-2016	2950	100	Jujuy	Application
	MASA 9	2231-M-2016	2985	100	Jujuy	Application
	MASA 10	2232-M-2016	2210	100	Jujuy	Application
	MASA 11	2233-M-2016	1913	100	Jujuy	Application
	MASA 12	2234-M-2016	3000	100	Jujuy	Application
	MASA 13	2235-M-2016	3000	100	Jujuy	Application
	MASA 14	2236-M-2016	3000	100	Jujuy	Application
	MASA 15	2237-M-2016	3000	100	Jujuy	Application
	MASA 16	2238-M-2016	3000	100	Jujuy	Application
	MASA 17	2239-M-2016	3000	100	Jujuy	Application
	MASA 18	2240-M-2016	3000	100	Jujuy	Application
	MASA 19	2241-M-2016	3000	100	Jujuy	Application
	MASA 20	2242-M-2016	3000	100	Jujuy	Application
	MASA 21	2243-M-2016	3000	100	Jujuy	Application
	MASA 22	2244-M-2016	2548	100	Jujuy	Application
	MASA 23	2245-M-2016	2406	100	Jujuy	Application
	23 Lease Applications		51104 Ha	100% LKE		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LAKE RESOURCES N.L.

ABN

49 079 471 980

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(788)	(1,003)
(b) development		
(c) production		
(d) staff costs	(118)	(184)
(e) administration and corporate costs	(166)	(353)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,072)	(1,540)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities		

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	15	15
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings	1,615	1,615
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings	(11)	(11)
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	1,619	1,619

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	929	1,397
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,072)	(1,540)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,619	1,619
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	1,476	1,476

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,476	929
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,476	929

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

118

Remuneration and fees paid to Directors

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,615	1,615
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan facility relates to the unsecured notes issued during the period. Details of the Notes are per the ASX announcement made on 3 November 2017. The company received \$50,000 post quarter-end to total \$1,665,000.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(800)
9.2 Development	
9.3 Production	
9.4 Staff costs	(120)
9.5 Administration and corporate costs	(170)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(1,090)

* depending on funds availability, the Company can control its spending on exploration and evaluation activities as these activities are non-contractual and discretionary in nature.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: **31 JANUARY 2018**

Print name: **ANDREW BURSILL**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.