

31 July 2018

**Lake Resources N.L.**  
**ASX:LKE**

Shares on Issue:  
305,683,867

Options Listed:  
19,200,000 (10c,  
Underwritten 27Aug18)

42,816,667 (20c Dec18)

Options Unlisted:  
5,042,494 (5c, Nov'18)  
6,250,000 (5c, Oct'19)  
9,500,000 (28c, Dec'20)

Market Capitalisation:  
\$32 million (@10.5c)

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

Cash Position (30 Jun18)  
\$1.7 million  
(+ \$1.9 million  
underwritten August 18)

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## HIGHLIGHTS

- **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 180,000 hectares, including areas under option.**
- **Exciting maiden discovery confirmed - Kachi Lithium Brine Project – large scale, deep salt lake basin 22 x 8 kilometres, over 400 metres deep**
- **Kachi is a similar size to globally significant lithium producers – and 100% Lake owned**
- **Best results to date are 306 mg/L lithium over 300 m depth from near surface at Kachi in conductive permeable brine with low impurities and a low Mg/Li ratio of 4.3**
- **Drilling ongoing to produce a maiden resource at Kachi in the coming months, anticipated in October.**
- **Approval to drill the Olaroz-Cauchari leases is nearing completion, ready to drill in the coming weeks.**
- **The Olaroz-Cauchari leases adjoin lithium brine production of Orocobre and development projects that have over 15 million tonnes LCE (Lithium Carbonate Equivalent) in Jujuy in the same basin as Orocobre and SQM/Lithium Americas. A landmark agreement was signed with Jujuy Province that confirmed tenure.**
- **Lake secured a A\$1.9 million option underwriting agreement for the listed 10c options, LKEO, expiry 27 August 2018, which supports drilling activities.**
- **Corporate activity continues in Argentina with US\$280 million being paid for a 1.1 million tonne resource of Galaxy, located ~100km north of Kachi.**

## **LAKE RESOURCES N.L. QUARTERLY REPORT – ENDING 30 JUNE 2018**

Lake Resources NL is an exploration and development company with one of the largest lithium lease holdings in Argentina of 180,000 hectares, including areas under option with four prime lithium projects: 3 brine projects and 1 hard rock project. Each project is capable of being a 'company maker'.

These include the Kachi Lithium Brine Project which covers ~54,000 ha of 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 the Catamarca Pegmatite Lithium Project (~72,000 ha), under option, with large pegmatite swarms over 150km of strike.

A maiden resource estimate is anticipated in the coming months at the Kachi project. The large scale with a single owner appeals to battery makers and is well suited to a strategic investment/partnership. Drilling on the Cauchari and Olaroz leases will commence soon, which appear to be extensions of known lithium resources that have over 15 million tonnes LCE (Lithium Carbonate Equivalent).

### **OPERATIONS**

#### **Kachi Lithium Brine Project - Catamarca Province, Argentina**

The Kachi Lithium Brine Project is located in Catamarca province, approximately 100km south of FMC Corp's Hombre Muerto Lithium brine operation and Galaxy Resources (GXY.ASX) Limited's Sal de Vida lithium brine project. Albemarle Corp's Antofalla lithium potash brine development project is in the adjacent basin.

An exciting maiden discovery has been confirmed at the Kachi Lithium Brine Project. Drilling has confirmed the presence of a large scale, deep salt lake basin 22 x 8 kilometres, over 400metres deep. This is a similar size to globally significant lithium producers and one of the few remaining salt lakes in Argentina with substantial identified lithium brines and controlled 100% by a single owner, Lake. The brine body has the potential to increase further under covered areas.

The Kachi Project is a consolidated package of ~54,000 hectares of mining leases owned 100% by Lake centred around a previously undrilled salt lake within a large basin. The area has been recently recognised as a lithium brine bearing basin, and this 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. Kachi covers the lowest point of drainage from a large area of over 5000 square kilometres containing lithium bearing volcanics and hot springs.

Lake's Argentine subsidiary has completed eight rotary and diamond drill holes which ended in lithium brine-bearing sediments. Results have been reported from 7 resource drill holes from 4 drill platforms, with variable depths up to 405 metres, and demonstrate that lithium brine is present from near surface to over 400m depth in drill holes spaced 11 km apart across the project

Highest grades to date are from drill-hole K03R03, averaging 306 mg/L lithium, low impurities and low average Mg/Li ratio of 4.3. These results indicate higher concentrations of lithium bearing brines occur at depth and drilling is underway to explore deeper sections below the best results from K03.

Drilling is ongoing to produce a maiden resource at Kachi in the coming months, anticipated in October.

A maiden drilling programme of lithium brines commenced in November 2017, although running sands caused drilling problems and a change of service provider. Since Feb/March 2018, rotary and diamond drill holes have been completed between 100 to 405 metres with slotted casing in place to allow testing and sampling. Conductive brines were intersected in aquifers from near surface to below 400m in different interlayered lithologies which are dominated by permeable sandy sediments. Initial indications

from field hydraulic testing indicate high permeabilities for the sandy material, which will be further tested with the installation of large diameter production test bores and samples have been collected for porosity tests in a laboratory in the USA.

Brines with high density (1.18 - 1.22 g/cm<sup>3</sup>) have been intersected in thick sandy and gravelly aquifers, with the best results to date being 306 mg/L after 27 hours of airlifting from hole K03R03, installed with filters over an interval of 3 – 242 m. To date the lithium brines analysed show positive chemistry with low combined impurities (boron, sulphate, calcium, magnesium, iron). A number of sample results are pending from recent drilling. Deeper horizons are now being targeted in the vicinity of site K03 where positive results have been previously found with the aim of locating higher grades and extend the potential size of the brine mineralisation.

A seismic geophysical survey has been undertaken using passive seismic techniques, with the aim of developing an understanding of basin geometry and thickness of the sediments hosting the brine. The distinct reflectors identified in the survey correlate well with dense lithologies such as a number of ignimbrite units within the predominantly sandy sediments. Drilling at K06 provides a correlation with the seismic survey and indicates the presence of unconsolidated sediments to a depth in excess of 500 m under gravel cover away from the areas of surface salt where drilling is currently being conducted and in excess of 600 m in the vicinity of site K03. Importantly the seismic survey also suggests the majority of the volcanic material visible at surface forms a thin veneer overlying lake sediments, which is very positive for the project as it further increases the volume of sediments that potentially host brines.

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

Lake holds mining leases over ~45,000 hectares in two areas in Jujuy Province in NW Argentina - Olaroz – Cauchari Lithium Brine Project and Paso Lithium Brine Project, both owned 100%.

Drilling is anticipated to commence in the coming weeks at Cauchari, followed by Olaroz, once final approvals have been provided, after environmental impact studies and community consultations.

A landmark agreement was entered into with Jujuy Province, Argentina on 28 Feb 2018 that confirms tenure of Lake's ~45,000 hectares of mining leases at Olaroz-Cauchari and Paso.

Lake's leases adjoin the production leases owned by Orocobre and SQM/Lithium Americas and are in the same basin with strong potential to display lithium in the same aquifers. These prime lithium brine areas were applied for "pre-boom" by the entities acquired by Lake Resources in November 2016.

In Cauchari, Lake's leases extend 11 km north-south of the adjoining SQM/Lithium Americas and Advantage Lithium/Orocobre's Cauchari lithium development leases to the west. Advantage Lithium/Orocobre have recently reported a 6-fold increase in resources to 3 million tonnes LCE. Immediately across Lake's lease boundary, drill holes showed high-grade lithium brine results between 450-600 mg/L lithium with high flow rates of 19-35 litre/s (ORE.ASX release 29 June 2018). Lake is keen to replicate these results by targeting the same aquifers.

In Olaroz, Lake's leases extend 30 km north-south of the adjoining Orocobre's Olaroz lithium production leases to the east. Approvals are being sought to access and drill these areas.

Ground geophysics will commence as soon as possible prior to drill access. 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. The optioned leases (exploration and mining leases, and applications) cover a large part of this newly recognised 150 km long belt of pegmatite swarms. These areas are at low altitudes with good year-round access.

Recently shareholder approval was received to extend the agreement under similar terms to allow for completion of the formation of the local entity and a share transfer if the option is exercised in full, which would involve the payment of 19 million LKE shares (50% escrowed for 6 months).

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

Recent orientation work conducted will be reported once available.

## **CORPORATE**

### **Cash Position**

Lake held cash of \$1.7 million as at 30 June 2018, in AUD, USD and Argentine Pesos.

Lake has entered into an agreement for a further \$1.9 million from the underwriting of 19,200,000 LKEO options at A\$0.10 exercise price (expiry 27 August 2018) with a group of current shareholders as joint underwriters.

Successful underwriting of options has provided Lake with flexibility while drilling is being completed for the maiden resource statement at the large scale Kachi Lithium Brine Project in Argentina, anticipated to be ready in October.

The funds raised through a Placement in March 2018 were used by Lake for drilling at the Kachi Project, to advance Olaroz-Cauchari to a stage for drilling, working capital, and to repay a A\$1.6 million short term debt security from late 2017.

As a result, the Company is sufficiently funded to pursue current exploration initiatives.

### **Controlled Placement Agreement**

On 31 July 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides LKE with up to \$4.5 million of standby equity capital over the coming 29 month period. Importantly, LKE retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on LKE to utilise the CPA and LKE may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on LKE raising capital through other methods. If LKE does decide to utilise the CPA, LKE is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by LKE and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of LKE's choosing (again at the sole discretion of LKE). As collateral for the CPA, LKE has agreed to place 15m shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). An Appendix 3B regarding the Collateral Shares will follow.

### **Capital Structure**

Lake has 305,683,867 shares on issue as at 31 July 2018.

Listed options include 19,200,000 options (LKEO) with an exercise price of \$0.10 (expiry 28 August 2018), recently underwritten by joint underwriters. As part of the Agreement, the Company's Chairman,

Mr Stuart Crow, has agreed to participate as a joint underwriter for 3,100,000 LKEO options, entitling him to a 6% fee. Any shares to be issued to Mr Crow under the Agreement will require approval of the Company's shareholders prior to their issue.

Listed options also include 42,816,667 options (LKEOA) with an exercise price of \$0.20 (expiry 15 December 2018). A short form prospectus and shareholder approval was gained for their issuance, mostly linked to the March 2018 capital raising and the note issue in late 2017.

Unlisted options include 5,042,494 options with an exercise price of \$0.05 (expiry 30 November 2018), 6,250,000 options with an exercise price of \$0.05 (expiry November 2019) and 9,500,000 unlisted options with an exercise price of \$0.28 (expiry 31 December 2020). 2,500,000 LTI Plan Performance Rights are yet to reach the required hurdles for vesting.

## Research Report

VSA Capital, in London and Shanghai, initiated coverage of Lake Resources with an upbeat assessment of the company's near term upside based on anticipated newsflow and comparisons with other companies. A copy of the report can be found on the Company's website under the investors research tab, as per the link: <http://www.lakeresources.com.au/investors/?page=research>

Hunter Capital initiated coverage of Lake Resources in March 2018 and the report can be found on the same site.

## Outlook

The focus in the coming quarter will be:

### **Kachi Lithium Brine Project - Catamarca Province**

- Continuation of the drilling with further assay results.
- Preparing a maiden resource estimate .

### **Olaroz/Cauchari & Paso Lithium Brine Projects - Jujuy Province**

- Completion of approvals to drill the Cauchari area, followed by Olaroz.
- Initiation of drilling at Cauchari.
- Initiation of geophysics at Cauchari and Olaroz and Paso projects.

### **For further information, please contact:**

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## **Background on Lake Resources NL (ASX:LKE)**

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on developing its 3 lithium brine projects and 1 hard rock project in Argentina, all owned 100%. The leases are in a prime location among the lithium sector's largest players within the Lithium Triangle where half of the world's lithium is produced. Lake holds one of the largest lithium tenement packages in Argentina (~180,000Ha) secured in 2016 prior to a significant 'rush' by major companies. The large holdings provides the potential to provide security of supply demanded by battery makers and electric vehicle manufacturers.

The three key brine projects, Kachi, Olaroz/Cauchari, and Paso, are located adjacent to major world class brine projects either in production or being developed in the highly prospective Jujuy and Catamarca Provinces. The Olaroz-Cauchari project is located in the same basin as Orocobre's Olaroz lithium production and adjoins SQM/Lithium Americas Cauchari project, where high grade lithium (600 mg/L) with high flow rates have been drilled immediately across the lease boundary.

The Kachi project covers 50,000 Ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project.

Drilling at Kachi has confirmed a large lithium brine bearing basin over 22km long and over 400m deep. Drilling over Kachi is aimed to produce a resource statement in 2018, anticipated in Oct 2018.

Drilling will commence in coming months at Olaroz-Cauchari now that tenure has been confirmed in a landmark agreement in March 2018. This will provide several catalysts for the company's growth. Scope exists to unlock considerable value through partnerships and corporate deals in the near-term.

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 recently acquired via a takeover offer of C\$265 million completed March 2018. The northern half of Galaxy's Sal de Vida resource was purchased for US\$280 million by POSCO in June 2018

The demand for lithium continues to be strong for lithium ion batteries in electric vehicles, according to recent data from the leading independent battery minerals consultant - Benchmark Mineral Intelligence. Supply continues to be constrained suggesting good opportunities for upstream lithium companies for many years.



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

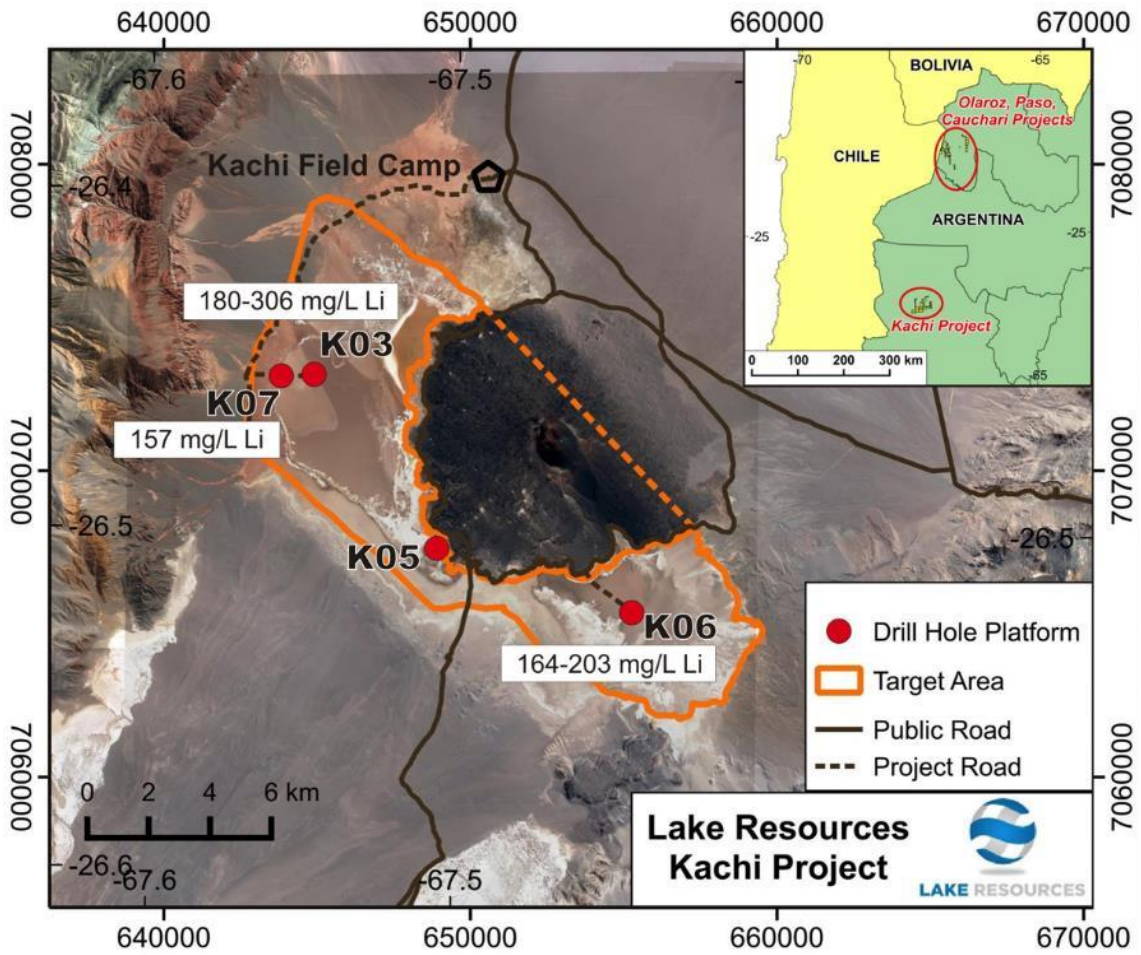
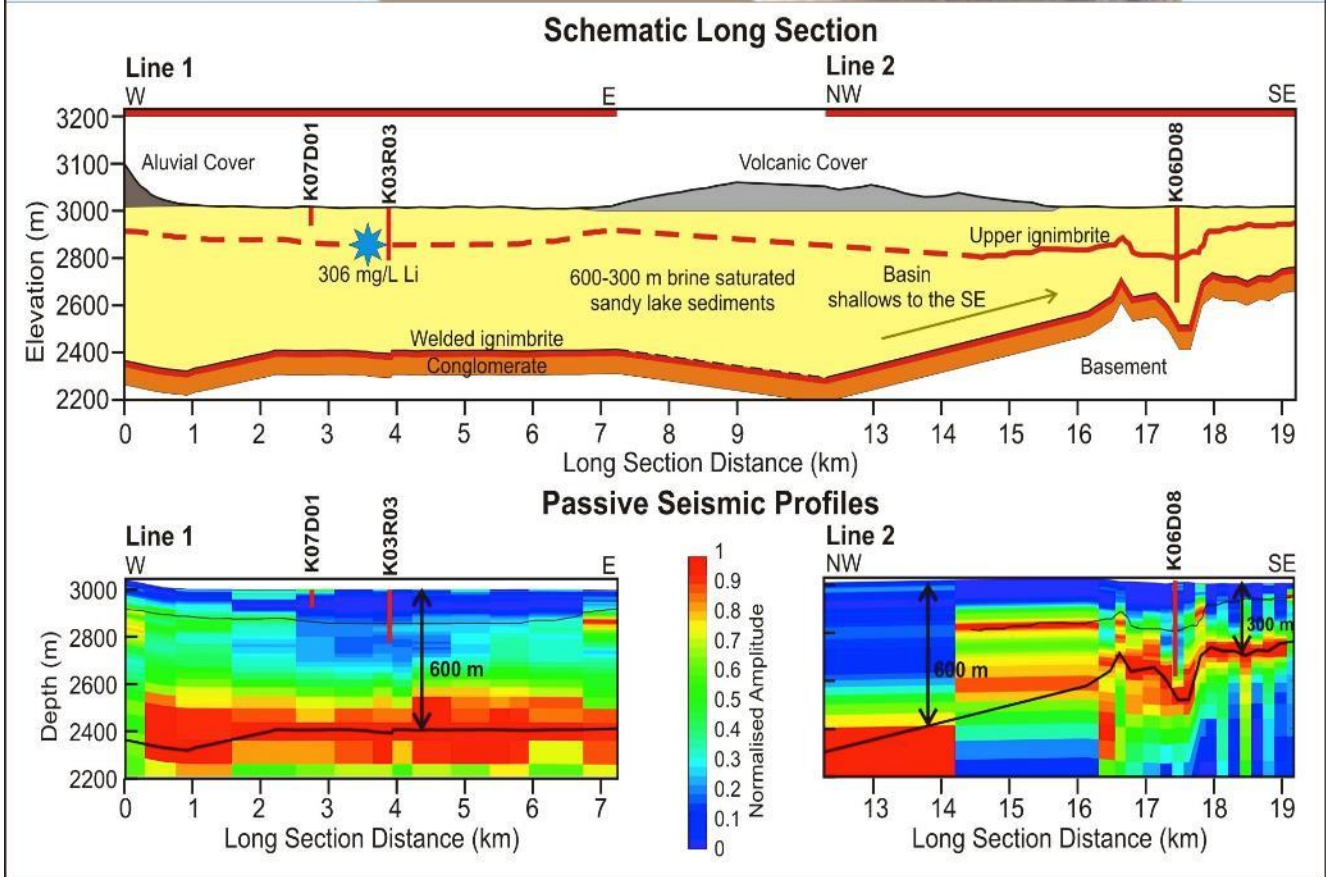
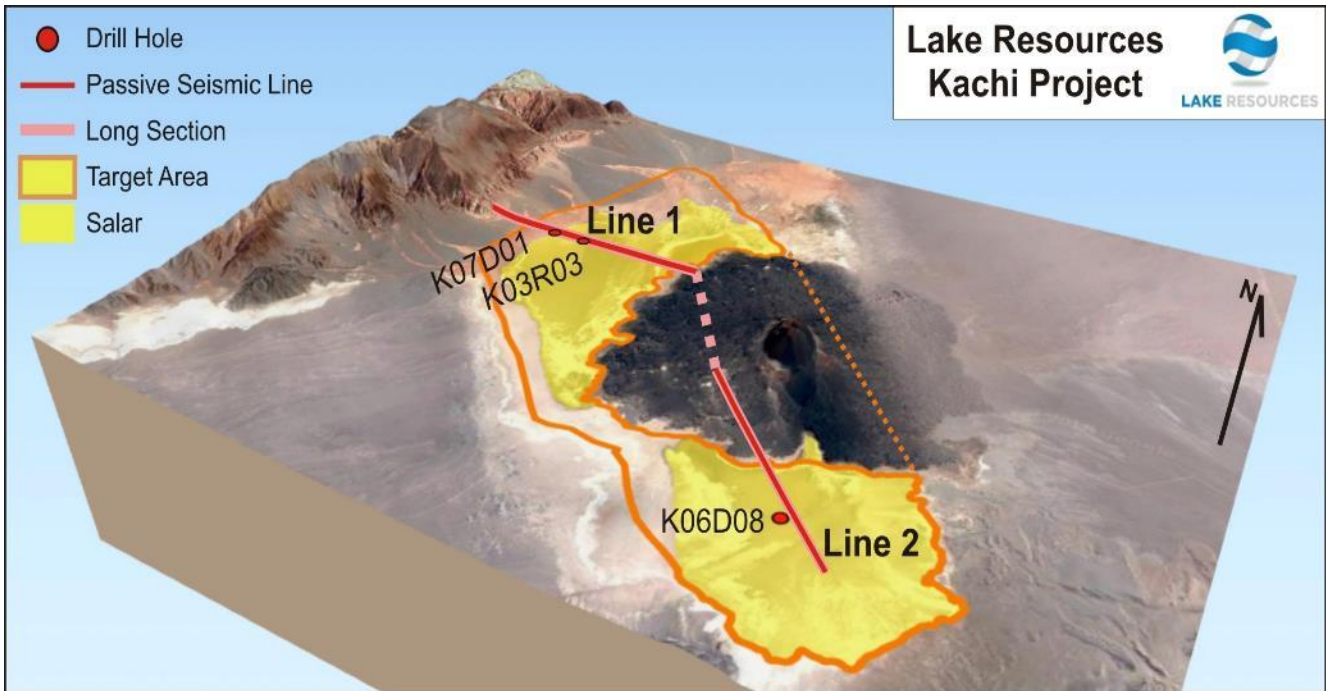


Figure 2: Kachi Project – drillhole pad locations with multiple diamond/rotary holes from each drillpad



**Figure 3. Kachi Lithium Project, with passive seismic survey results and reflector around 600m depth - Line 1 and 300-600m depth - Line 2**





**Figure 4. Kachi Lithium Project, with images of the rotary drill rig and the diamond rig in the south east side-by-side; the rotary rig at K03 on a deeper hole; a view of the salt lake from the south west looking north**

**Table 1: Kachi Lithium Project – details of drill-hole locations**

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Exploration Hole	Previous Name	Drilling Method	Easting	Northing	Total Depth (m)	Assay Interval (m)	Lithium (mg/L)	Magnesium (mg/L)	Potassium (mg/L)
<b>Northern Area</b>									
K07D01	CPD-01	Diamond	643829	7073100	76.25	10 - 34	157		3330
K03D02	PP1-JV-003	Diamond	644880	7073149	150.5	74 - 92	180	1740	4435
K03R03	PB1-DV-003	Rotary	644898	7073147	242	3 - 242	306*	1307*	5998*
<b>Southern Area</b>									
K06D04	PP1-JV-006	Diamond	655320	7065352	167.5	95 - 113	203	766	3321
K06R05	PB1-DV-006	Rotary	655273	7065354	87	68 - 85	167	1000	3160
K06R06	PB2-DV-006	Rotary	655307	7065374	180	Not Sampled			
K06R07	PB3-DV-006	Rotary	655326	7065362	189	159 - 179	191	1009	961
K06D08	PP2-JV-006	Diamond	655326	7065362	405	69 - 70	194	958	3171
						120 - 121	191	873	3199
						165-166	170	880	3650
						205-206	164	894	3590
						258-259	164	888	3560
						354-405	170	877	3670

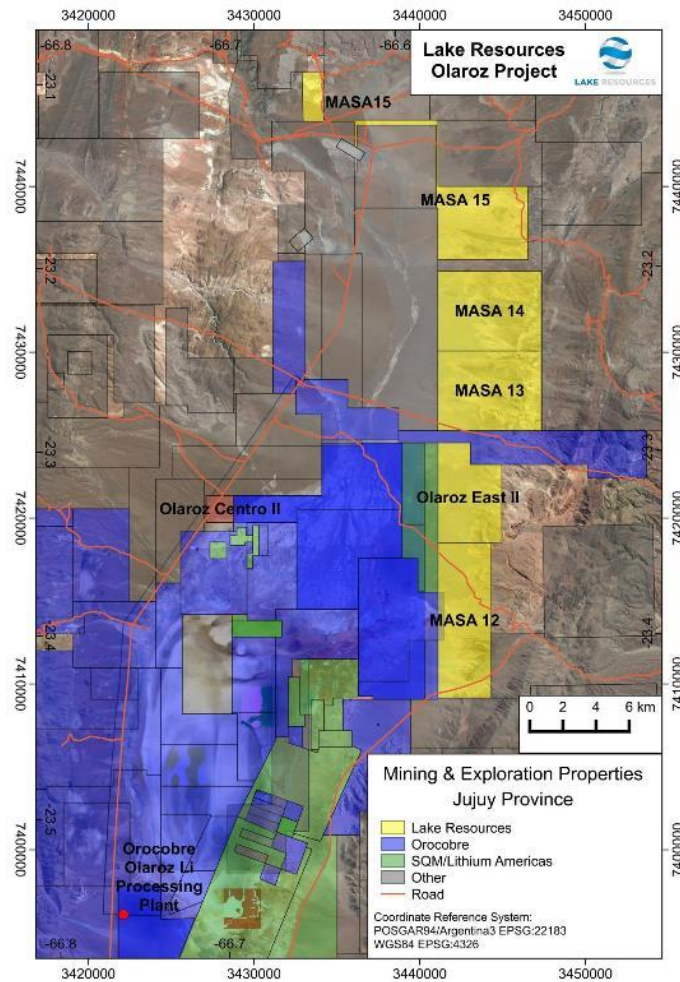
Coordinates are WGS84 Z19 South

\* Average for multiple samples during extended air lift

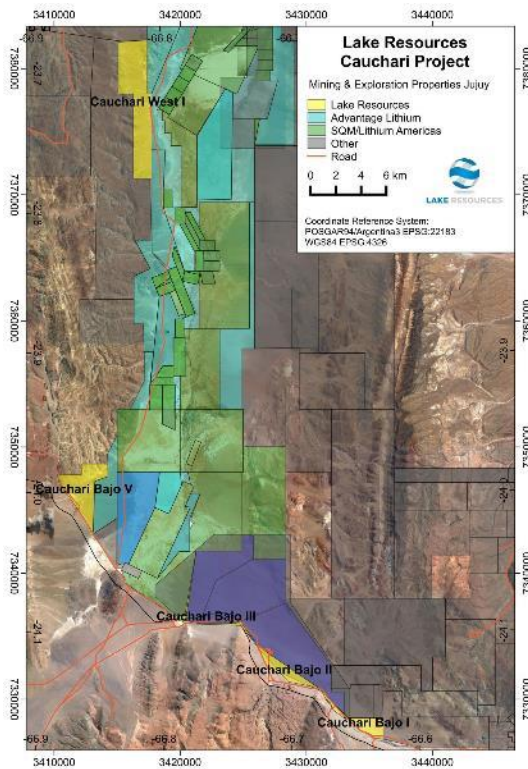
### Competent Person's Statement – Kachi Lithium Brine Project

*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.*

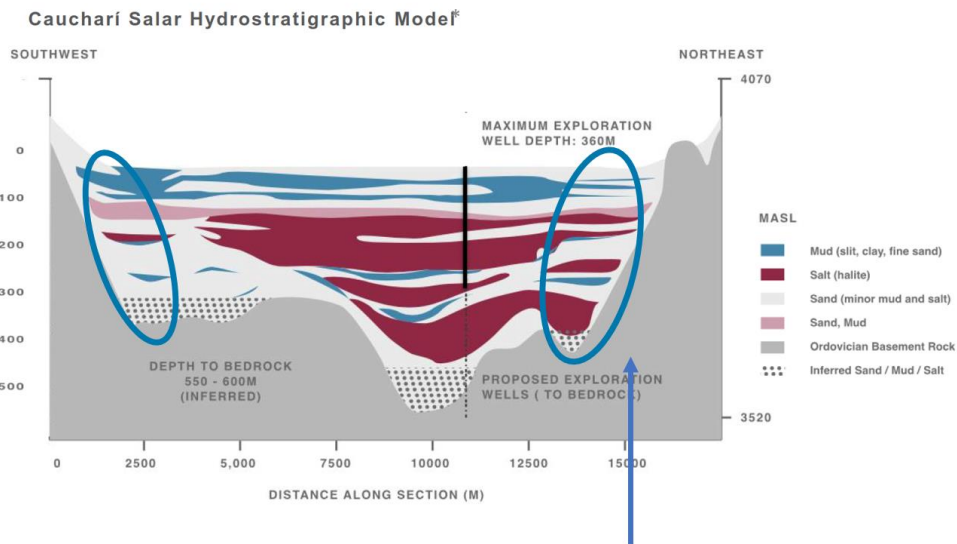
*Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation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



**Figure 5: Lake’s Olaroz Lithium Brine Project in relation to Orocobre and SQM / Lithium Americas**  
 Source: Jujuy Registro Grafico Feb 18, Past Orocobre and Lithium America releases, differences may exist



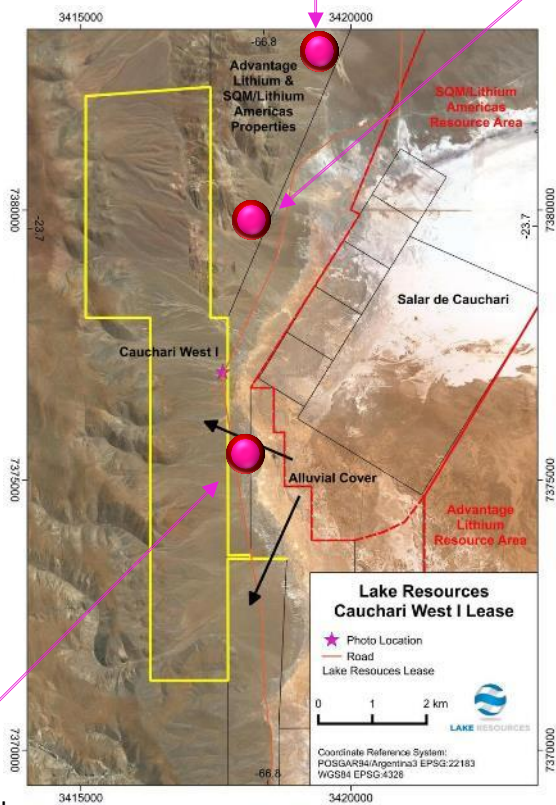
**Figure 6: Lake’s Cauchari Lithium Brine Project in relation to Advantage Lithium/Orocobre and SQM / Lithium Americas**



**Olaroz/Cauchari Section**  
 Targets on basin boundaries with potential for same aquifer & high flows

AAL Drillhole  
 600mg/L Lithium  
 High flow rates

AAL Drillhole  
 430-530mg/L  
 Lithium



Cauchari West I nearby Advantage drill rig and Lithium America camp



Cauchari West I looking NE

AAL Drillhole  
 410-470mg/L  
 Lithium

**Figure 7: Lake's Cauchari Lithium Brine Project in relation to recent Advantage Lithium/Orocobre drill results and an indicative cross section of Cauchari with the targets identified on the basin boundaries**

Table 1 Report: Kachi Lithium Brine Project

Criteria	Section 1 - Sampling Techniques and Data
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• Brine samples were taken from the diamond drill hole with a bottom of hole spear point during advance and using a straddle packer device to obtain representative samples of the formation fluid by purging a volume of fluid from the isolated interval, to minimize the possibility of contamination by drilling fluid then taking the sample. Low pressure airlift tests are used as well. The fluid used for drilling is brine sourced from the drill hole and the return from drillhole passes back into the excavator dug pit lined to avoid leakage.</li> <li>• 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.</li> <li>• Drill core in the hole was recovered in 1.5 m length core runs in core split tubes to minimize sample disturbance.</li> <li>• Drill core was undertaken to obtain representative samples of the sediments that host brine.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• Diamond drilling with an internal (triple) tube was used for drilling. The drilling produced cores with variable core recovery, associated with unconsolidated material, in particularly sandy intervals. Recovery of these more friable sediments is more difficult with diamond drilling, as this material can be washed from the core barrel during drilling.</li> <li>• Rotary drilling has used 8.5" or 10" tricone bits and has produced drill chips.</li> <li>• Brine has been used as drilling fluid for lubrication during drilling.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• Diamond drill core was recovered in 1.5m length intervals in the drilling triple (split) tubes. Appropriate additives were used for hole stability to maximize core recovery. The core recoveries were measured from the cores and compared to the length of each run to calculate the recovery. Chip samples are collected for each metre drilled and stored in segmented plastic boxes for rotary drill holes.</li> <li>• Brine samples were collected at discrete depths during the drilling using a double packer over a 1 m interval (to isolate intervals of the sediments and obtain samples from airlifting brine from the sediments within the packer).</li> <li>• As the brine (mineralisation) samples are taken from inflows of the brine into the hole (and not from the drill core – which has variable recovery) they are largely independent of the quality (recovery) of the core samples. However, the permeability of the lithologies where samples are taken is related to the rate and potentially lithium grade of brine inflows.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• Sand, clay, silt, salt and cemented rock types was recovered in a triple tube diamond core drill tube, or as chip samples from rotary drill holes, and examined for geologic logging by a geologist and a photo taken for reference.</li> <li>• Diamond holes are logged by a senior geologist who also supervised taking of samples for laboratory porosity analysis as well as additional physical property testing.</li> <li>• Logging is both qualitative and quantitative in nature. The relative proportions of different lithologies which have a direct bearing on the overall porosity, contained and potentially extractable brine are noted, as are more qualitative characteristics such as the sedimentary facies and their relationships. When cores are split for sampling they are photographed.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• Brine samples were collected by packer and spear sampling methods, over a metre. Low pressure airlift tests are used as well to purge test interval and gauge potential yields.</li> <li>• 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.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>• The Alex Stewart Argentina/Norlab SA in Palpala, Jujuy, Argentina, is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the sampling program. The SGS laboratory in Buenos Aires has also been used for both primary and check samples. They also analyzed blind control samples and duplicates in the analysis chain. The Alex Stewart/Norlab SA laboratory and the SGS laboratory are ISO 9001 and ISO 14001 certified, and are specialized in the chemical analysis of brines and inorganic salts, with experience in this field. This includes the oversight of the experienced Alex Stewart Argentina S.A. laboratory in Mendoza, Argentina, which has been operating for a considerable period.</li> <li>• The quality control and analytical procedures used at the Alex Stewart/Norlab SA laboratory or SGS 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.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• Field duplicates, standards and blanks will be used to monitor potential contamination of samples and the repeatability of analyses. Accuracy, the closeness of measurements to the "true" or accepted value, will be monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory.</li> <li>• Duplicate samples in the analysis chain were submitted to Alex Stewart/Norlab SA or SGS laboratories as unique samples (blind duplicates) during the process</li> </ul>

	<ul style="list-style-type: none"> <li>Stable blank samples (distilled water) were used to evaluate potential sample contamination and will be inserted in future to measure any potential cross contamination</li> <li>Samples were analysed for conductivity using a hand held Hanna pH/EC multiprobe.</li> <li>Regular calibration using standard buffers is being undertaken.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>The diamond drill hole sample sites and rotary drill hole sites were located with a hand held GPS.</li> <li>The properties are located at the junction of the Argentine POSGAR grid system Zone 2 and Zone 3 (UTM 19) and in WGS84 Zone 19 south.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Brine samples were collected over 1m intervals every 6 m intervals within brine producing aquifers, where this was possible.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>The salt lake (<i>salar</i>) deposits that contain lithium-bearing brines generally have sub-horizontal beds and lenses that contain sand, gravel, salt, silt and clay. The vertical diamond drill holes will provide a better understanding of the stratigraphy and the nature of the sub-surface brine bearing aquifers</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>Samples were transported to the Alex Stewart/Norlab SA laboratory or SGS laboratory for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. Samples were transported by a trusted member of the team.</li> <li>The samples were moved from the drillhole sample site to secure storage at the camp on a daily basis. All brine sample bottles sent to the laboratory are marked with a unique label not related to the location.</li> </ul>
<i>Review (and Audit)</i>	<ul style="list-style-type: none"> <li>No audit of data has been conducted to date. However, the CP has been onsite periodically during the programme. The review included drilling practice, geological logging, sampling methodologies for water quality analysis and, physical property testing from drill core, QA/QC control measures and data management. The practices being undertaken were ascertained to be appropriate.</li> </ul>
<b>Criteria</b>	<b>Section 2 - Mineral Tenement and Land Tenure Status</b>
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>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.</li> <li>The project comprises approximately 51,770 Ha in twenty seven mineral leases (minas) of which five leases (9,445 Ha) are granted for drilling, twenty leases are granted for initial exploration (39,575 Ha) and two leases (2750 Ha) are applications pending granting.</li> <li>The tenements are believed to be in good standing, with payments made to relevant government departments.</li> </ul>
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> <li>Marifil Mines Ltd conducted sparse near-surface pit sampling of groundwater at depths less than 1m during 2009.</li> <li>Samples were taken from each hole and analysed at Alex Stewart laboratories in Mendoza Argentina.</li> <li>Results were reported in an NI 43-101 report by J. Ebisch in December 2009 for Marifil Mines Ltd.</li> <li>NRG Metals Inc recently commenced exploration in adjacent leases under option. An initial diamond drillhole intersected lithium bearing brines from 172-198m and below with best results to date of 15m at 229 mg/L Lithium, reported in December 2017. A VES ground geophysical survey was completed prior to drilling. A NI 43-101 report was released in February 2017.</li> <li>No other exploration results were able to be located</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>The known sediments within the <i>salar</i> consist of salt/halite, clay, sand and silt horizons, accumulated in the <i>salar</i> from terrestrial sedimentation and evaporation of brines.</li> <li>Brines within the Salt Lake are formed by solar concentration, interpreted to be combined with warm geothermal fluids, with brines hosted within sedimentary units.</li> <li>Geology was recorded during the diamond drilling and from chip samples in rotary drill holes/</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>Lithological data was collected from the holes as they were drilled and drill cores or chip samples were retrieved. Detailed geological logging of cores is ongoing.</li> <li>All drill holes are vertical, (dip -90, azimuth 0 degrees).</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>Assay averages have been provided where multiple sampling occurs in the same sampling interval.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>N/A pending results</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>A drill hole location plan is provided showing the locations of the drill holes.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Brine assay results are available from 7 drill holes from the drilling to date, reported here. Information will be provided as it becomes available.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>There is no other substantive exploration data available regarding the project.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The company is undertaking a 1000m maiden diamond drilling programme and 2000m maiden rotary water well drilling programme which may be expanded based on results. Ongoing ground geophysics will also be undertaken.</li> </ul>

## SCHEDULE OF TENEMENTS (Appendix 5B)

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
<b>TOTAL NUMBER TENEMENTS:</b>		<b>TOTAL AREA TENEMENTS:</b>				
<b>51</b>		<b>101,790 Ha</b>				
		<b>79,500 Ha</b>				
		<b>Optioned</b>				
<b>OLAROSZ - CAUCHARI AREA</b>						
	Cauchari Bajo I	2156-D-2016	354	100	Jujuy	Granted
	Cauchari Bajo II	2157-D-2016	354	100	Jujuy	Granted
	Cauchari Bajo III	2158-D-2016	122	100	Jujuy	Granted
	Cauchari Bajo V	2154-D-2016	946	100	Jujuy	Granted
	Cauchari West I	2160-D-2016	1936	100	Jujuy	Granted
	Olaroz Centro II	2164-D-2016	268	100	Jujuy	Application
	Olaroz East II	2168-D-2016	2072	100	Jujuy	Granted
	MASA 12	2234-M-2016	2901	100	Jujuy	Granted
	MASA 13	2235-M-2016	3000	100	Jujuy	Granted
	MASA 14	2236-M-2016	3000	100	Jujuy	Granted
	MASA 15	2237-M-2016	3000	100	Jujuy	Granted
<b>PASO AREA</b>						
	Paso III	2137-P-2016	2787	100	Jujuy	Granted
	Paso VI	2140-P-2016	2208	100	Jujuy	Granted
	Paso X	2144-P-2016	1833	100	Jujuy	Granted
	MASA 9	2231-M-2016	2978	100	Jujuy	Granted
	MASA 16	2238-M-2016	2114	100	Jujuy	Granted
	MASA 17	2239-M-2016	2891	100	Jujuy	Granted
	MASA 18	2240-M-2016	3000	100	Jujuy	Granted
	MASA 19	2241-M-2016	3000	100	Jujuy	Granted
	MASA 20	2242-M-2016	3000	100	Jujuy	Granted
	MASA 21	2243-M-2016	2815	100	Jujuy	Granted
	MASA 22	2244-M-2016	1460	100	Jujuy	Application
	MASA 23	2245-M-2016	1540	100	Jujuy	Application
	23 Mining leases		47579 Ha			
<b>KACHI AREA</b>						
	Kachi Inca	13-D-2016	1273	100	Catamarca	Granted
	Kachi Inca I	16-D-2016	2880	100	Catamarca	Application
	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	Granted
	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
	Irene	117-P-2008	2250	100	Catamarca	In Process
	28 Mining leases		54211 Ha			
51			101790	100		
<b>CATAMARCA PEGMATITES</b>						
	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
			79,500 Ha			

## 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")**

30 JUNE 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,905)	(3,674)
(b) development		
(c) production		
(d) staff costs	(66)	(366)
(e) administration and corporate costs	(470)	(1,107)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(30)	(30)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,471)</b>	<b>(5,177)</b>

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



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)		
<b>2.6 Net cash from / (used in) investing activities</b>		

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,640	5,586
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	(45)	(73)
3.5 Proceeds from borrowings		1,665
3.6 Repayment of borrowings	(1,665)	(1,665)
3.7 Transaction costs related to loans and borrowings		(11)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(70)</b>	<b>5,502</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,263	1,397
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,471)	(5,177)
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)	(70)	5,502
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,722</b>	<b>1,722</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	1,722	4,263
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,722</b>	<b>4,263</b>

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	66
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	

Remuneration and fees paid to Directors

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
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.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(950)
9.2 Development	
9.3 Production	
9.4 Staff costs	(165)
9.5 Administration and corporate costs	(95)
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>(1,210)</b>

\* 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.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 JULY 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.