



LAKE RESOURCES
LAKE RESOURCES N.L. (ASX:LKE)

7 February 2019

Mr Alex Sutton
Adviser, ASX Listings Compliance
ASX Compliance Pty Limited
Level 6, Bridge Street
Sydney
NSW 2000

By Email: alex.sutton@asx.com.au
ListingsComplianceSydney@asx.com.au

Dear Mr Sutton

LAKE RESOURCES N.L. (THE “COMPANY”) – APPENDIX 5B QUERY

With reference to your letter dated 4 February 2019 and with specific reference to your queries contained therein, we advise as follows:

1. *Does LKE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

The Company expects it will continue to have negative operating cash flows in the near to medium term, as is customary for resources exploration entities.

2. *Has LKE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The Company is undertaking discussions with existing and prospective investors with the intention of issuing \$2.5m convertible notes.

The Company has had a successful track record in raising funds to advance drilling at its lithium projects Cauchari and Olaroz in Argentina and is confident that it will be successful in raising the additional capital.

3. *Does LKE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

The Company expects to be able to continue its operations and to meet its business obligations on the basis of the information disclosed in 2. above.

4. *Please confirm that LKE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.*

The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

5. *Please confirm that LKE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LKE with delegated authority from the board to respond to ASX on disclosure matters.*

The Company's responses to the above questions have been authorised and approved in accordance with its published continuous disclosure policy and by an officer of the Company with delegated authority to respond to ASX on disclosure matters.

For and on behalf of the Board,



Andrew Bursill
Company Secretary



4 February 2019

Mr Andrew Bursill
Company Secretary
Lake Resources NL
Level 5
126 Phillip St
Sydney, NSW
2000

By email:

Dear Mr Bursill

Lake Resources N.L. ('LKE'): Appendix 5B Query

ASX refers to LKE's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 31 January 2019 (the 'Appendix 5B').

ASX notes that LKE has reported:

- positive net operating cash flows for the quarter of \$1,942,000;
- cash at the end of the quarter of \$520,000; and
- estimated cash outflows for the next quarter of \$1,210,000.

It is possible to conclude, based on the information in the Appendix 5B that if LKE were to continue to expend cash at the rate indicated by the Appendix 5B, LKE may not have sufficient cash to continue funding its operations.

In view of that, ASX asks LKE to respond separately to each of the following questions and requests for information:

1. Does LKE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LKE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does LKE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LKE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that LKE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LKE with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4 PM AEDT Thursday, 7 February 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in LKE's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under

Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LKE's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to LKE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LKE's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LKE's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Alex Sutton
Compliance Adviser, Geology, Listings Compliance (Sydney)