



LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

22 March 2019

CAUCHARI DRILLING UPDATE

- **Rotary rig currently operating on site now at ~205m targeting first brine horizons at 250-300m.**
- **High fluid pressures have made the current drill program challenging but these pressures demonstrate the potential extension of adjacent lithium brine basin into LKE's leases.**
- **A second, more powerful, drill rig to be deployed targeting deeper brine horizons.**

Lake Resources NL (ASX: LKE) provides this update on drilling activities at the Company's 100% owned Cauchari Lithium Brine Project in Argentina (Figure 1).

As shareholders are aware, drilling has been ongoing at the project since late 2018. High fluid pressures downhole have made drilling challenging for the current operator, however, these fluid pressures clearly illustrate the extension of the large adjacent brine-producing basin into Lake's extensive adjoining leases.

The current rotary rig is at a depth of ~205m on its third hole after abandoning two holes due mainly to the drill rig's inability to cope with high fluid pressures downhole. This rig has been modified for the third hole and Lake has instructed the contractor to target a depth of 250-300m and produce a sample for assaying as soon as possible.

To ensure adequate assays can be collected, and to achieve drilling success at Cauchari, Lake is deploying a larger more capable drill rig to complement current operations. The plan is to have two rigs operating at Cauchari very shortly. The new rig has the necessary mechanical capability of drilling to depths of 500 metres and manage these high fluid pressures.

Lake's Managing Director Steve Promnitz said: *"While drilling to date with this rotary rig has been frustrating, deploying a second rig to complement existing operations will strengthen our exploration activities at Cauchari. The second rig we are contracting recently completed a successful hole nearby for a third party so we will have the right contractor and equipment on site. This larger rig will be able to better manage the high pressure brines."*

"The rotary rig currently drilling at Cauchari has clearly encountered some challenges which are due solely to the drill rig's mechanical limitations, not Cauchari's geology, in which we have every confidence."

"We remind shareholders that our Cauchari and Olaroz leases border some of the world's largest and high grade lithium brine producing assets. We are fully focused on delivering favourable exploration outcomes here and proving up the true value of these outstanding leases."

The Company's Olaroz-Cauchari project is located in the same basin as Orocobre's Olaroz lithium production and adjoins Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium (600 mg/L) with high flow rates drilled immediately across the lease boundary.

Clarifying Statement – to release 17 Jan 2019

The previous announcement regarding Cauchari drilling on 17 Jan 2019 included a Competent Person Statement which was not required and left in as an administrative oversight.

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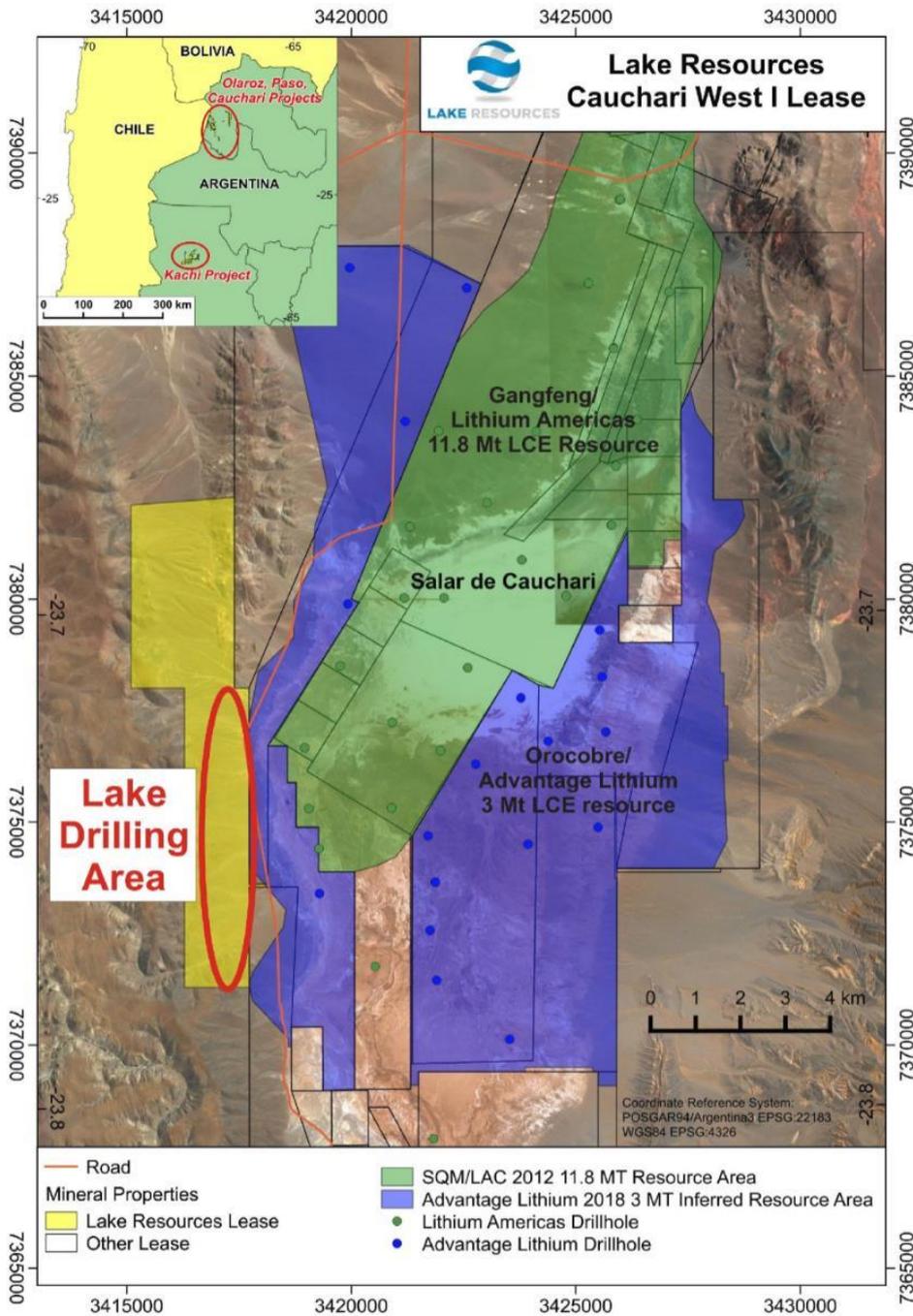


Figure 1. Cauchari Lithium Project, with adjoining SQM / Lithium Americas resource and Orocobre / Advantage Lithium resource with summary drill results (Orocobre announcements 7/11/2017, 4, /12/2017, 18/01/2018, Advantage Lithium announcement 5/3/2018, 10/01/2019). (Third Party Resource details summarised in LKE's ASX announcement dated 6 Sept 2018).

About Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on developing its three lithium brine projects and 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 (~200,000Ha) secured in 2016 prior to a significant 'rush' by major companies. The large holdings provide the potential to provide consistent security of supply demanded by battery makers and electric vehicle manufacturers.

The Kachi project covers 69,000 ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project in Catamarca Province. Drilling at Kachi has confirmed a large lithium brine bearing basin over 20km long, 15km wide and 400m to 800m deep. Drilling over Kachi (currently 16 drill holes, 3100m) has produced a maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt and Inferred 3.4Mt) within a 8-17 Mt LCE exploration target (refer ASX announcement 27 November 2018).

A direct extraction technique is being tested in partnership with Lilac Solutions, which has shown 80-90% recoveries and lithium brine concentrations in excess of 15000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast at US\$2600/t LCE in the lowest cost quartile. This process is planned to be trialled on site in tandem with conventional methods as part of a PFS to follow the resource statement. Scope exists to unlock considerable value through partnerships and corporate deals in the near term.

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

An additional rig has been deployed to augment capacity of the drill rig currently at Cauchari. High fluid pressures, while encouraging, have meant that conditions are challenging. Results are expected to extend the proven resources in adjoining properties into LKE's area. This will be followed by drilling extensions to the Olaroz area in LKE's 100% owned Olaroz leases.

Significant corporate transactions continue in adjacent leases with development of Ganfeng Lithium/Lithium Americas Cauchari project with Ganfeng announcing a US\$237 million for 37% of the Cauchari project previously held by SQM. Nearby projects of Lithium X were 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. LSC Lithium is under offer for C\$111 million with a resource size half of Kachi. These transactions imply an acquisition cost of US\$55-110 million per 1 million tonnes of lithium carbonate equivalent (LCE) in resources.

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 more information on Lake, please visit <http://www.lakeresources.com.au/home/>