



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

ASX Market Announcements Office

18 April 2019

### FORACO DRILL RIG COMMENCES DRILLING AT CAUCHARI

- **Larger diamond drill rig has commenced drilling at Lake's Cauchari project with capability to drill up to 500 metres**
- **Two rigs now operating at Cauchari targeting various depths**
- **LKE now has greater certainty to produce assays from a ~350-450m deep target sand horizon**

Lake Resources NL (ASX: LKE) is pleased to confirm that a second, larger diamond drill rig operated by Foraco Argentina SA has commenced drilling at Lake's 100% owned Cauchari Lithium Brine Project (Figure 1).

The larger more capable diamond drill rig is targeting a sand horizon estimated between 350-450 metres deep and will drill to 500 metres. Two rigs are now operational at Cauchari and reporting results from both drill holes is LKE's immediate priority.

Foraco is the third largest global mineral driller, operates in 22 countries and has a global fleet of drilling rigs with a well-trained international workforce and a proven track record.

Foraco's drilling program will occur concurrently with current rotary rig drilling operations. The rotary rig has drilled to a depth of 234m and is targeting a shallower sand horizon of between 300-350m.

Both Lake's rigs are operating ~500m from where Ganfeng/Lithium Americas is about to drill three new holes including one production hole on their adjacent leases. Lake is targeting exactly the same sand horizons.

**Lake's Managing Director Steve Promnitz said from site:** *"With one successful drill hole, we can demonstrate the extension of the adjoining resource which is the largest in the world and rapidly being developed into production next year. We have every confidence in Foraco's drilling capabilities and experience to produce the representative samples we need. It is inspirational to see 40 trucks operating next door with excavators building massive evaporation ponds and roads within sight of our drill rigs. Lake is drilling in a Grade A location for lithium brines."*

**For further information please contact:**

**Steve Promnitz**  
Managing Director  
+61 2 9188 7864

[steve@lakeresources.com.au](mailto:steve@lakeresources.com.au)

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<http://www.lakeresources.com.au>

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Figures 1: Foraco rig arriving at Cauchari



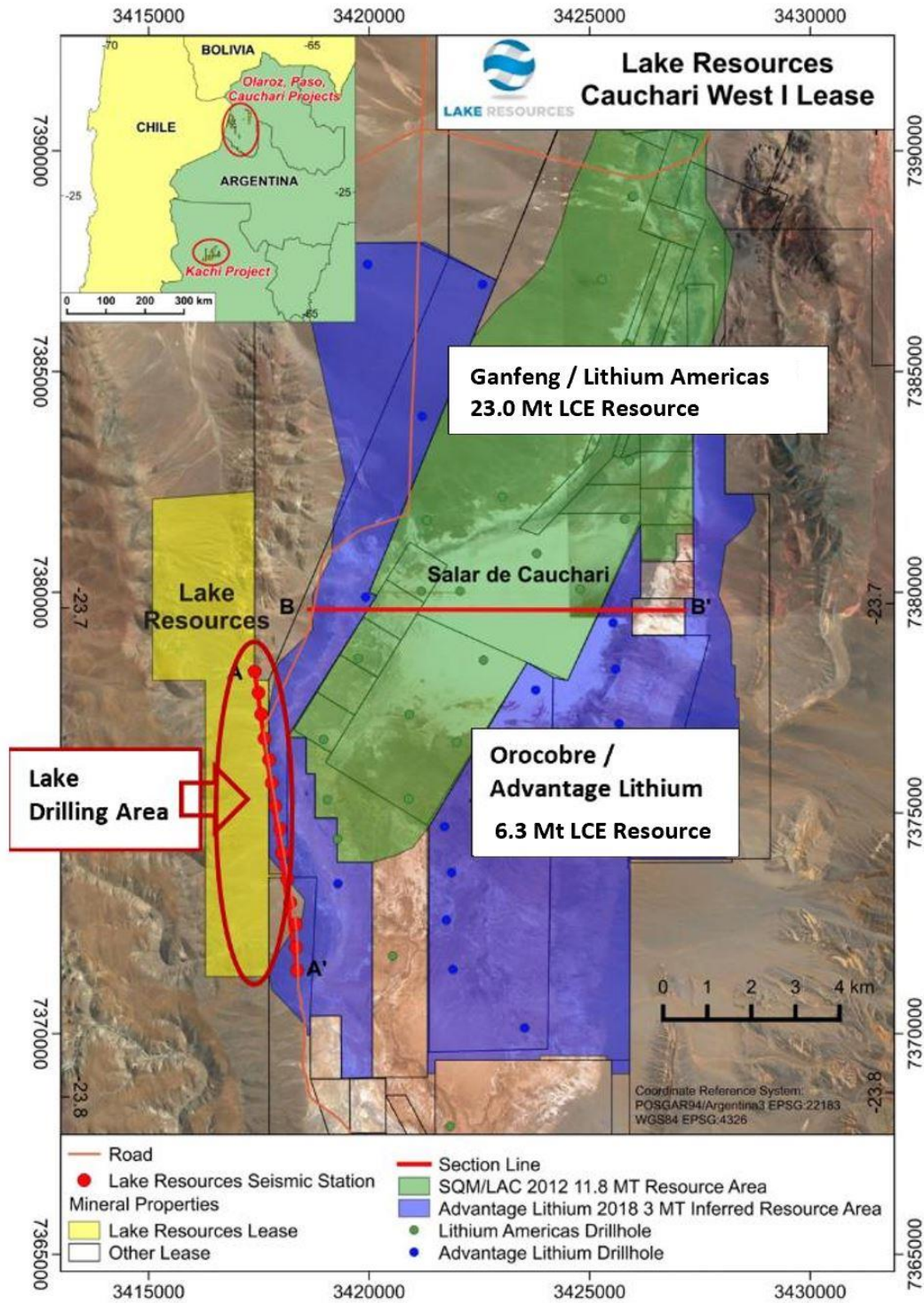
Figure 2: Foraco rig alongside existing rotary rig at Cauchari



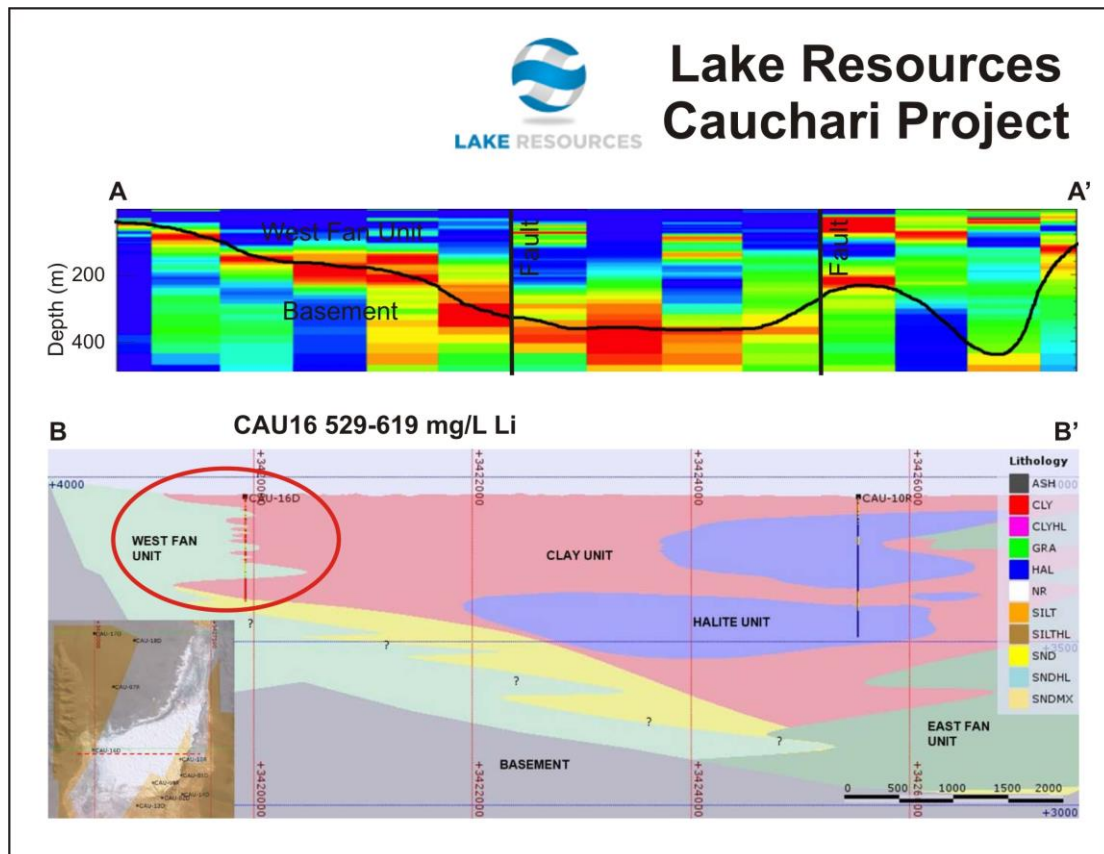
Figures 3: Rotary rig currently operating at site and at 234m deep



Figures 4: Location of LKE's drill operations at Cauchari in relation to Advantage Lithium/Orocobre & Gangfeng/Lithium Americas leases



Figures 5: Cauchari Lithium Project, with adjoining Ganfeng / Lithium Americas resource and Orocobre / Advantage Lithium resource with (Orocobre announcements 7/11/2017, 4/12/2017, 18/01/2018, 15/03/2019; Advantage Lithium announcement 5/3/2018, 10/01/2019, 1/04/2019). (Third Party Resource details summarised in LKE's ASX announcement dated 6 Sept 2018)



**Figures 6: Cauchari Lithium Brine Project , showing passive seismic survey results (A-A') and reflector extending to 400m deep, and a cross section showing extension of the sand unit (West Fan Unit) inferred to extend into Lake's leases from adjoining Orocobre / Advantage Lithium resource and Ganfeng / Lithium Americas resource (Source: Advantage Lithium NI 43-101 (\*2) Repeated from LKE ASX announcement 31 August 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 grading in the range of 310 mg/L to 210 mg/L lithium <sup>1</sup>(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 25000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast at US\$2600/t LCE in the lowest cost quartile <sup>2</sup>. 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 new rig is being deployed to increase the depth capacity and speed 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, followed by a further US\$160 million to increase Ganfeng's equity position to 50% on 1 April 2019, together with a resource that had doubled to be the largest on the planet. Ganfeng then announced a 10 year lithium supply agreement with Volkswagen on 5 April 2019. 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-Dec 2018. LSC Lithium was under offer in Jan 2019 for C\$111 million by a mid-tier oil & gas company 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. Demand forecasts indicate the need for an 8x increase in lithium supply in the next 9 years. 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/>

Footnotes:

(\*1): Kachi Mineral Resource Statement in ASX market release titled "Large Maiden 4.4mt LCE Resource Estimate for Kachi Project" on 27 November 2018.

(\*2): Phase 1 Engineering Study in ASX market release titled "Lilac Extraction Process Shows Potential For High Lithium Recoveries At Lowest Quartile Costs At Kachi" on 10 December 2018.