LAKE RAISE UPSIZED TO $2.7M TO ACCELERATE CAUCHARI DRILLING

- Private placement upsized to $2.7 million from sophisticated and professional investors in vote of confidence for Lake’s lithium brine projects.

- New shares to be allotted today with funding to speed drilling at Lake’s Cauchari and Olaroz projects in the heart of the Lithium Triangle.

- Further results are due this week from conductive brines at Cauchari, following positive results with high lithium values of 480 mg/L.

Lake Resources NL (ASX: LKE) has received an important vote of confidence in its Argentina lithium projects, with commitments increased to $2.7 million (before costs) through the placement of approximately 30 million ordinary shares at $0.09 per share in a private placement to offshore and local sophisticated and professional investors. Every two new shares have one attaching option exercisable at $0.10 cents per share, expiring in July 2021.

New shares will be allotted today. The placement has been conducted using the Company’s existing capacity under ASX Listing Rules 7.1 and 7.1A. The attaching options will require shareholder approval and it is the Company’s intention to have the options listed, as they are held by in excess of 50 holders.

Welcoming the new investment, Lake’s Managing Director, Steve Promnitz, said: “Lake is delighted with the support from both new and existing shareholders, particularly given current volatile market conditions.

“These new funds will be crucial in accelerating drilling at our 100% owned Cauchari Lithium Brine Project in Argentina, following which we plan to immediately commence drilling at the equally prospective Olaroz project, as we work to deliver value for shareholders.” Funds will also be used for the PFS and pilot plant at Kachi and for additional working capital.

Further results are due this week from conductive brines with high fluid flows intercepted at 261m depth at Cauchari. Recent results included high lithium values of up to 480 mg/L from 186m depth (refer ASX announcements dated 28 May and 31 May 2019).

Significantly, these results echo similar lithium brine horizons in the upper sections of drill holes reported from the adjoining pre-production area of Ganfeng/Lithium Americas (LAC) and Advantage Lithium (AAL)/ Orocobre joint venture. Lake is drilling in the same basin with similar brines and better results are anticipated at depth. The drill hole is targeting a sand horizon between 350-450m, which has recorded higher lithium values and fluid flows in the adjoining project.

Current drilling aims to unlock value from this rapidly emerging project, immediately adjacent to a world-class brine project in pre-production in the Lithium Triangle, approximately 500m from the Ganfeng/Lithium Americas Cauchari project. Lake is targeting the same sand horizons.
Mr Promnitz added: “Lake has proven that the same sand horizons in our 100%-owned leases extend from what is the largest defined lithium brine resource on the planet just around 350 metres from our drill hole. We look forward to reporting conclusive first assays next week and more information of flow rates.

“These are exciting times in Lake’s development and we anticipate further progress at our Cauchari and Olaroz projects, adding to the top 10 world-class brine resource already defined at our flagship Kachi project.”

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1 Refer ASX announcement 27 November 2018.

Figure 1: Foraco diamond drill rig at Lake’s Cauchari brine project
Figure 2: Location of LKE’s drill operations at Cauchari in relation to Advantage Lithium/Orocobre & Gangfeng/Lithium Americas leases. (Note: The marked boundaries are indicative only. Please refer to the detailed map).

Figure 3: Cauchari Lithium Project, with adjoining Ganfeng / Lithium Americas project and Orocobre / Advantage Lithium project showing interpreted West Fan Unit and the targeted Lower Sand Unit (Orocobre announcement and Advantage Lithium announcement 24/04/19 – Figure 7.10 from NI43-101 report). Lake interprets the western boundary (left hand side) to be steep and faulted rather than dipping 45 degrees as in this diagram.
Figure 4: Cauchari Lithium Project, with adjoining Ganfeng / Lithium Americas combined resource and Orocobre / Advantage Lithium combined resource with (Orocobre announcements 7/11/2017, 4/12/2017, 18/01/2018, 15/03/19; Advantage Lithium announcement 5/3/2018, 10/01/2019, 7/03/19, 24/04/19). (Third Party Resource details summarised in LKE’s ASX announcement dated 6 Sept 2018)
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.

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 (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. 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 acquired in Jan-Mar 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.

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