

20 January 2020

PROPOSED CLOSE-OUT OF CONVERTIBLE SECURITIES FACILITY

- **Conditional terms being negotiated with the intention to permit the early close out of the Convertible Securities facility through a combination of both cash and shares.**

Lithium explorer and developer **Lake Resources NL (ASX: LKE)** announces that conditional terms are being negotiated with SBI Investments (PR), LLC, with the intention to permit the early pay out of the Convertible Securities funding facility through a combination of both cash and the issue of shares, which will likely include an additional equity based fee in consideration for the termination of the facility.

Should terms satisfactory to Lake be able to be agreed, then Lake considers that it will undertake a capital raising in order to fund part or all of any cash component to be paid.

The two-tranche funding facility, with key terms announced on 28 February 2019 and extended in October 2019, was to provide bridging capital for project development and exploration activities for the Company. Lake has progressed the projects to a stage where the production of a high purity of lithium product has been demonstrated. A Pre-Feasibility Study (PFS) will be released in the coming weeks, followed by larger high purity samples being sent to potential off-takers from a pilot plant.

Lake is hopeful a formal agreement with SBI will be reached shortly and further updates (including in respect of any proposed capital raising) will be provided in due course.

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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 at the lowest cost. 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, scalable as required, which is demanded by battery makers and electric vehicle manufacturers.

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**AT THE HEART OF THE
LITHIUM TRIANGLE**

The Kachi project covers 70,000 ha over a salt lake south of FMC/Livent'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) (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 30-60,000 mg/L lithium. Battery grade lithium carbonate has been produced from Kachi brine samples with very low impurities (Fe, B, with <0.001 wt%). Phase 1 Engineering Study results have shown operating costs forecast in the lowest cost quartile (refer ASX announcement 10 December 2018). Test results have been incorporated into a Pre-Feasibility Study (PFS) aimed to be released soon. The Lilac process is being trialed with a pilot plant in California which will then be transported to site to produce larger battery grade lithium samples. Discussions are advanced with downstream entities, mainly battery/cathode makers, as well as financiers, to jointly develop the project.

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 the Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium (600 mg/L) with high flow rates drilled immediately across the lease boundary.

The Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) and high flow rates, with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining pre-production areas under development and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 28 May, 12 June 2019).

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/>