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## **NEW REPORT SHOWS KACHI'S POTENTIAL AS EV INDUSTRY PICKS UP SPEED**

### **Downstream Talks Intensifying Following Kachi PFS**

- **New research released by top-rated analyst shows Lake's potential, with a deep dive on Lake's successful Kachi Lithium Brine Project PFS and direct extraction.**
- **Lake continuing talks with downstream participants and financiers amid intensifying focus on battery minerals as essential to global post-pandemic recovery.**
- **Lake monitoring lifting of local restrictions on technology partner, Lilac Solutions, to allow full-scale operations to resume at California pilot plant modules.**

Lithium explorer and developer **Lake Resources NL (ASX:LKE; OTC:LLKKF)** announced today new research showing the potential value of the Company's Kachi Lithium Brine Project which followed the recent release of the successful Pre-Feasibility Study (PFS) concerning its sustainable and scalable direct extraction process.

The research by a leading Hong Kong-based analyst highlights Kachi's "significant and sustainable competitive advantages" including its ability to produce a 99.9% lithium carbonate battery-grade product with low impurities, based on a sustainable process, as sought by electric vehicle (EV) makers. The research references the production of the samples from the pilot plant modules as being a critical value catalyst for Lake.

The report also highlights the growing global demand for lithium as EV penetration increases, yet challenges to supply are expected to result in growing supply deficits by the mid-2020s, particularly for battery-grade product. A copy of the research report is available on Lake's website (refer "Research").

Meanwhile, following Lake's recent release of the Kachi PFS (refer ASX announcement 30 April 2020), the Company has intensified discussions with downstream participants and financiers.

The Company is also processing lithium brine samples from Kachi at its technology partner, Lilac Solutions' direct extraction pilot plant module in Oakland, California. Lilac has been limited to basic services while "shelter in place" restrictions are in place, but these are currently planned to be lifted next week, which will allow Lilac to resume full operations and allow other service providers to re-open, that are critical to Lilac's operations.

The importance of new projects capable of producing a battery-grade product has been highlighted by recent investments announced by Europe in battery minerals, including France (US\$8 billion), Germany (more than US\$1 billion) and the European Union (US\$88 billion). China, the world's biggest EV market, has also extended state subsidies and tax breaks for "New Energy Vehicles," while South Korea's US\$110 billion "New Green Deal" includes substantial investment in renewable energy.

EVs have been prioritised as automakers reopen, according to discussions in the sector. Considerable interest has been shown in the battery materials supply chain, as evidenced by Lake's recent participation in international conferences and industry analysts Benchmark Mineral Intelligence's "EV festival" held this week with thousands of participants from the EV and battery manufacturing sector and upstream materials supply.

**LAKE RESOURCES NL**

Level 5, 126 Phillip Street,  
Sydney, NSW 2000  
+61 2 9299 9690

**LAKERESOURCES.COM.AU**

ASX:LKE

**AT THE HEART OF THE  
LITHIUM TRIANGLE**

Lake's Managing Director, Steve Promnitz said: *"Following the successful completion of the PFS, our efforts are now firmly focused on delivering multiple high purity lithium carbonate samples from the 40,000 litres of Kachi brines being processed by Lilac. The results are central to the next round of discussions with downstream EV and battery makers and financiers and we have every confidence they will be game changer for us. EVs and battery minerals will be essential to the world's post-pandemic future as shown by the recent investments by Europe and Asia, yet EV makers are unable to obtain sufficient battery-grade supply."*

*"The research published is an excellent reference point for our stakeholders and reflects the unlocked value shareholders are holding."*

*"New projects such as Lake's Kachi project, which can supply a battery-grade product with low impurities, will be essential in supporting the growth of the EV sector, and with a continued pricing disparity between high and low-grade product, we are in an excellent position to advance our flagship project."*

**For further information please contact:**

**Steve Promnitz, Managing Director**  
**+61 2 9188 7864**  
[steve@lakeresources.com.au](mailto:steve@lakeresources.com.au)

**Follow Lake on Twitter:** [https://twitter.com/Lake\\_Resources](https://twitter.com/Lake_Resources)  
**Follow on LinkedIn:** <https://www.linkedin.com/company/lake-resources/>  
**Website:** <http://www.lakeresources.com.au>

**For media queries, contact:**

Anthony Fensom, Republic PR, +61 (0) 407 112 623 , [anthony@republicpr.com.au](mailto:anthony@republicpr.com.au)

Henry Jordan, Six Degrees Investor Relations: +61 (0) 431 271 538 , [henry.jordan@sdir.com.au](mailto:henry.jordan@sdir.com.au)

### About Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on producing sustainable, high purity lithium by developing its flagship Kachi Project, as well as three other lithium brine projects and a hard rock project in Argentina, all owned 100%. The leases are in a prime location among major producers within the Lithium Triangle, where 40% of the world's lithium is produced at the lowest cost. Lake holds one of the largest lithium tenement packages in Argentina (~200,000Ha) which provides the potential for security of supply, and scalable as required.

Lake considers it is in a strong position to benefit from the market opportunity in electric vehicles and the batteries that power the energy revolution due to:

1. **High Purity Lithium Carbonate** samples (99.9%) with very low impurities, recently produced from the pilot plant using a direct extraction process (ion exchange), which can achieve premium pricing (refer ASX announcement of 18 March 2020);
2. **Increased Engagement with Off-takers** as larger samples are produced, anticipated from Q2 2020 onwards, for off-takers to commence qualification testing to then engage to assist in financing;
3. **Kachi Project PFS**, which shows a large, long-life low-cost potential operation with competitive production costs at the lower end of the cost curve similar to current lithium brine producers (refer ASX announcement 30 April 2020). The Kachi project has a resource (refer ASX announcement 27 November 2018) considered large enough for long term production and could be potentially scaled to a much larger project as required as leases cover an area 10 times Manhattan.
4. **Sustainable and Scalable Future Lithium Production**, demanded by the larger Electric Vehicle makers and an increasing number of battery/cathode makers, who need to show both the quality and provenance of battery materials for ESG/sustainability and carbon footprint reporting. The direct extraction process reinjects brine once the lithium has been removed using ion exchange beads without affecting the chemistry. This means a much smaller footprint and less water usage because evaporation ponds are not used.

The Kachi project covers 70,000 ha over a salt lake south of FMC/Livent's lithium operation in Catamarca Province. Drilling confirmed a large lithium brine bearing basin over 20km long, 15km wide and 400m to 800m deep. Drilling over Kachi produced a maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt, Inferred 3.4Mt) (refer ASX announcement 27 November 2018).

A direct extraction technique has been tested in partnership with Lilac Solutions, supported by Bill Gates – led Breakthrough Fund and MIT's The Engine fund. A pilot plant module being commissioned, has shown 80-90% recoveries and lithium brine concentrations over 60,000 mg/L lithium. Battery grade lithium carbonate (99.9% purity) has been produced from Kachi brine samples with very low impurities (Fe, B, with <0.001 wt%). Test results have been incorporated into a Pre-Feasibility Study (PFS). The Lilac pilot plant module in California will produce samples for downstream participants in Q2 2020, prior to being 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 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) with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining leases scheduled for production in late 2020 and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 28 May, 12 June 2019).

Significant corporate transactions have occurred in adjacent leases with development of Ganfeng Lithium/Lithium Americas Cauchari project as Ganfeng announced a US\$397 million investment for 50% of the Cauchari project, 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. Orocobre has completed in April 2020 the acquisition of all shares in Advantage Lithium, valued at around C\$75 million, which holds leases next to Lake at Cauchari. These transactions, except for the Advantage deal, 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/>