

Lake opens the funding gates

An upcoming PFS on Lake's Kachi lithium brine project in Argentina is expected to confirm a low cost of production

When it comes to technology, there is no better third-party advocate than Bill Gates.

The Microsoft founder has become an unexpected supporter of Lake Resources NL when his Breakthrough Energy Ventures fund was the lead participant in a recent \$US20 million investment in the Argentine lithium hopeful's technology partner Lilac Solutions Inc.

Breakthrough's high-profile investor base also includes the likes of Michael Bloomberg, Amazon.com Inc president Jeff Bezos and Alibaba Group Holding Ltd co-founder Jack Ma.

"Having investors of that calibre speaks volumes for the technology and also for its potential," Lake managing director Steve Promnitz told **Paydirt**.

"These investors made their fortunes investing in disruption. They recognise that Lilac's technology could be disruptive to the lithium brine industry while also producing something that's sustainable and scalable, and a premium product.

"Naturally it's raised the profile of both Lake as well as Lilac and investors want to invest with other successful investors... markets always say follow the money; here's a classic example."

For the past two years, Lake has promoted Lilac's direct extraction ion exchange technology as the perfect fit for its Kachi lithium brine project in Argentina's Catamarca province. Both companies have also spruiked the innovative process as "significantly faster, cheaper and more scalable" than other existing lithium extraction methods.

Lilac has indicated the funding will help ramp up efforts to commercialise its technology, as well as expand its engineering team and scale up production of the ion exchange beads which are core to the overall lithium extraction system.

Other groups to participate in the investment round were MIT's The Engine fund, Lowercarbon Capital and The Grantham Foundation.

Before the COVID-19 pandemic instigated major shutdowns around the world, the Lake-Lilac partnership was gathering momentum with 20,000L of Kachi lithium brine samples delivered to Lilac's pilot plant in California, US.



Steve Promnitz

"Our task now is to prove the value of the Lilac technology by getting the samples into the hands of the offtakers, getting the pilot plant operating successfully, feeding that into a full feasibility study and then being able to jointly pitch to some of the large electric vehicle manufacturers who are the ones really looking for sustainability in the supply chain," Promnitz said.

"If you've got a premium product and you've got something that's at the low end of the cost curve with a sustainability angle and you've got large investors who think that particular technology stands out over and above others, that's a pretty unusual but sweet spot to be in."

Over the coming months, Lilac will process the Kachi brine into high-purity lithium chloride for conversion to battery-grade lithium carbonate which will be sent to potential offtakers. Once that phase is complete, Lilac and Lake intend to move the pilot plant to Argentina to continue the test work on site.

Lake was also poised to release a PFS at the time of print which was expected to confirm low production costs using the Lilac technology.

With a DFS and environmental studies to begin imminently, Lake is turning its attention to securing about \$US20-25 million of debt funding to underpin its quest towards commercial production in 2023.

It comes after Lake recently pocketed \$3.4 million from an oversubscribed placement and a further \$2.5 million from a subsequent share purchase plan which will help the company keep its head above water, especially with some timeframes now uncertain due to the global COVID-19 outbreak.

"COVID-19 has shown us the need for diversification of supply chains," Promnitz said.

"We're seeing strong interest from buyers because they want to get a premium product out of a really well-known area which is Argentina's Lithium Triangle. We've got an opportunity here to scale up and so that funding is for a range of things to demonstrate that we can get on that critical timeline and basically keep ahead of the curve and not lose six months.

"It was a real benefit that we have the brines actually in the US. We may even send another batch there, just to make certain that we can keep that going, while still respecting the need for care with our people on the ground in Argentina as well as in the US."

COVID-19 has so far had limited impact on Lake's current activities, according to Promnitz, who added the company had sought waivers in both Argentina and the US for essential chemical industry operations.

The Argentine Government also recently reaffirmed its ongoing support for growth of the country's lithium sector.

"All sectors have suffered from COVID-19, but the electric vehicle and energy storage sectors still need lithium batteries," Promnitz said. "That demand has maybe been postponed slightly, but it's still there, it's still very real and we're going to be well positioned."

– Michael Washbourne