

27 October 2020

Annual Financial Statements for the year ended 30 June 2020

Reconciliation of audited and unaudited results

Clean lithium developer **Lake Resources NL (ASX: LKE; OTC: LLKKF)** provides the following reconciliation between the unaudited financial statements lodged with ASX on 30 September 2020 and the audited statements lodged with the ASX today.

	Loss after tax	Total Assets	Liabilities	Reserves
per Unaudited statements	(4,425,648)	17,099,452	664,135	2,252,680
Change of functional currency in Argentina				
Current year (2020)	-	142,756	-	142,756
prior years (2018, 2019)	-	471,214	-	471,214
Changes to Options valuations				
Adjustment to Director Option Valuation	(272,851)	-	-	272,851
Adjustment to SBI Option valuation	(204,398)	-	-	204,398
Current Version	(4,902,897)	17,713,422	664,135	3,343,899

The amendments to the financial statements resulted from a change in the recognition of the functional currency for its Argentina operations and from changes to the valuation of options issued during the financial year.

Change of functional currency for Argentina operations

In finalising the financial statements, it was identified that as a result of the growth of operations in Argentina and in the level of transactions denominated in US dollars, the functional currency for the Company's operations in Argentina should be US dollars. Accordingly, the Company changed its accounting policy resulting in the restatement of the foreign exchange movements for the financial years ended 30 June 2018, 2019 and 2020. The change in policy resulted in an increase to the company's assets (exploration expenditure) and equity (foreign currency translation reserve) of \$613,970. Further information is provided in Note 1(xxx) of the financial statements.

Change in valuation of options

During the year ended 30 June 2020, shareholder approval was granted for the issue of options over ordinary shares to the Directors and to lender SBI. In finalising the financial statements, the assumptions applied in valuing the options were reviewed and amended with the effect of increasing the valuation by \$477,249. The impact of the change was to increase the loss for the year by \$477,249 with a corresponding increase in the options reserve (equity). According the change resulted in no change to the net assets of the Company. Further information regarding the option valuations and the movements in the reserves are provided in Notes 15 and 27 to the financial statements.

Authorised for release by the Board.

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About Lake Resources NL (ASX:LKE OTC:LLKKF) - Cleaner high purity lithium using efficient disruptive clean technology

Lake Resources NL (ASX:LKE, OTC: LLKKF) is a clean lithium developer utilising clean, direct extraction technology for the development of sustainable, high purity lithium from its flagship Kachi Project, as well as three other lithium brine projects in Argentina. The projects are in a prime location within the Lithium Triangle, where 40% of the world's lithium is produced at the lowest cost.

This method will enable Lake Resources to be an efficient, responsibly-sourced, environmentally friendly and cost competitive supplier of high-purity lithium, which is readily scalable, and in demand from Tier 1 electric vehicle makers and battery makers.

1. **Clean-Tech:** Efficient, disruptive clean technology to produce sustainable high purity lithium, with a smaller environmental footprint, in demand by Tier1 EV makers and battery makers. This is a cost-competitive technology provided by our partner in California, Lilac Solutions, who have received the backing of the Bill Gates-led Breakthrough energy fund and MIT's The Engine fund.

2. **High Purity:** High Purity Lithium Carbonate samples (99.9%) with very low impurities has been produced from lithium brines from Lake's flagship project (refer ASX announcement 9 January 2020). The growth of higher density batteries to drive the latest electric vehicles has significantly increased demand for a high purity product with low impurities, and the process delivers this consistently for a premium price.

3. **Prime Location, Large Projects:** Lake's projects are located in the Lithium Triangle, in Argentina, the prime location globally for low cost lithium production from large projects. The Kachi project covers 70,000 ha over a salt lake south of Livent's lithium operation with a large indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt, Inferred 3.4Mt) (refer ASX announcement 27 November 2018). A pre-feasibility study (PFS) by a tier 1 engineering firm over Kachi 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 28 April 2020).

4. **Sustainable ESG Benefit:** The environmental footprint is far smaller than conventional brine evaporation processes or of hard rock mining. By using a benign water treatment process to produce lithium, Lake avoids any mining and returns virtually all water (brine) to its source without changing its chemistry (apart from lithium removal). This avoids the "water politics" in arid environments and is a better outcome for local communities. Tier 1 electric vehicle makers and Tier 1 battery makers have been seeking more sustainable, responsibly sourced materials in their supply chain which has driven demand for our products.

An innovative direct extraction technique, based on a well-used ion exchange water treatment method, has been tested for over 18 months in partnership with Lilac Solutions, with a pilot plant module operating on Kachi brines and has shown 80-90% recoveries. Battery quality lithium carbonate (99.9% purity) has been produced from Kachi brine samples with very low impurities (Fe, B, with <0.001 wt%) (refer ASX announcement 9 January 2020). Test results were incorporated into a Pre-Feasibility Study (PFS). The Lilac pilot plant module in California is producing samples for downstream participants. A pilot plant on site is planned to produce larger battery quality lithium samples. Discussions are advanced with downstream entities, as well as financiers, to develop the project.

On 3 July 2020, Lake Resources announced that the first samples of lithium chloride had been successfully produced from Lilac Solution's direct extraction pilot plant module, supporting the scale-up from previously successful lab-scale work. In the coming weeks, lithium carbonate samples will be available for downstream supply chain participants and off-takers. The sector continues to see positive news around demand and issues have been highlighted with a pending shortfall of supply of clean battery quality lithium.

Lake's other projects include the Olaroz and Cauchari brine projects, located adjacent to major world class brine projects in production or construction, including Orocobre's Olaroz lithium production and adjoins the impending production of Ganfeng Lithium/Lithium Americas' Cauchari project. Lake's 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 and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 28 May, 12 June 2019).

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