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Mining

# Low cost finance could be on the cards for Lake

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**Lake Resources' Kachi lithium brine project in Argentina could benefit from lower cost debt finance as EV makers focus on sustainable, high purity lithium.**

The company has received preliminary interest from over half a dozen international banks with strong experience of funding projects in Argentina subject to support from Export Credit Agencies.

This could be a big plus for **Lake Resources (ASX:LKE)** as it could enjoy a lower cost of capital for the Kachi project thanks to longer dated, lower cost ECA-led debt.

Lake is seeking about 70 per cent of financing support for the project, adding that the 'sweet spot' for ECA debt repayments is between 5 to 8 years post construction and build-out, implying total debt finance duration of up to 10 years.

It added that a number of sourcing opportunities have been identified where minimum export content thresholds can be met, making this project eligible for ECA support.

That it comes as many lithium producers have **sold out their excess inventory** is just icing on top of the cake.

The company remains well funded through to a final investment decision for Kachi, which is expected in the middle of 2022.

"Export credit agencies and the project finance banks are committed to the new energy transition and to projects with an ESG benefit that include Sustainable Development Goals," managing director Steve Promnitz said.

"As a company focused on the sustainable, direct extraction of lithium to produce a high-quality, battery-grade product, Lake is ideally positioned to contribute to the achievement of these goals.

"We look forward to advancing these talks further, together with potential international off-takers, as we progress the Kachi definitive feasibility study towards a successful outcome."

Last month, the company started an expanded drilling program aimed at accelerating the conversion of inferred resources into higher confidence measured and indicated resources that will allow for an expansion to double future production beyond the 25,500 tonnes per annum of lithium carbonate planned in the Definitive Feasibility Study.

## Kachi lithium brines project

The Kachi project covers 74,000 hectares of leases over a salt-lake south of Livent's lithium operation in Argentina.

It currently has a resource of 4.4 million tonnes of lithium carbonate equivalent with 1Mt of that sitting in the higher confidence indicated category.

Less than 20 per cent of this resource is used for planning 25,500tpa lithium carbonate production over 25 years, which neatly highlights the scale of the project as it stands.

Net present value (NPV) and internal rate of return (IRR) have been estimated at US\$1.6bn and 35 per cent respectively.

Both NPV and IRR are measures of a project's profitability.

<b>LKE</b> Lake Resources			
Mkt Price <b>\$0.27</b> 0.00 0 6:58 pm	High <b>\$0.285</b>	Open <b>\$0.27</b>	Volume <b>2,825,848</b>
	Low <b>\$0.27</b>	Prev. Close <b>\$0.27</b>	Turnover <b>\$777,404</b>
<a href="#">1 mth</a> <a href="#">3 mths</a> <a href="#">1 yr</a> <a href="#">2 yrs</a> <a href="#">5 yrs</a> <a href="#">10 yrs</a>			
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