

31 August 2021

Bonus Options and Offshore Shareholders

- Lake has appointed a nominee to receive options that would otherwise have been issued to offshore “Ineligible Shareholders” to facilitate their participation in the Bonus Option issue.
- Bonus Options will have an exercise price \$0.35 each, expiring on 15 October 2021 and, if exercised, will result in the issue of a second option (Additional Options) and each Additional Option will have an exercise price \$0.75 each, expiring on 15 June 2022

Clean lithium developer **Lake Resources NL (ASX:LKE; OTC:LLKKF)**, ACN 079 471 980, wishes to advise that it has today dispatched a Notice to Ineligible Shareholders of the previously announced Bonus Option Issue, which is detailed below.

Lake is pleased to welcome the support from Lodge Partners Pty Ltd (**Nominee or Lodge**), which has agreed to act as Nominee for the holding and exercise of Bonus Options for offshore or foreign shareholders (“**Ineligible Shareholders**”), *outside of the following Eligible Jurisdictions* identified in the Bonus Option Issue Prospectus, namely Australia, New Zealand and the United Kingdom, Jersey, the Netherlands, the Republic of Ireland, Argentina, Indonesia, Pakistan, Hong Kong and Singapore, which would have otherwise been issued to these Ineligible Shareholders, if they had addresses in Eligible Jurisdictions. These Ineligible Shareholders constitute approximately 2.5% of the Lake shareholders at the Record Date, Thursday 24 August 2021.

As previously noted in the Bonus Option Issue Prospectus, Lake intended to seek the appointment of a nominee to receive and exercise the Ineligible Shareholders' Options to which they would otherwise be entitled, sell any resulting Shares and Additional Options and remit the proceeds to those Ineligible Shareholders. Lake has now appointed Lodge as Nominee. As previously noted, the Nominee will have the absolute and sole discretion to determine the price at which any resulting Shares and Additional Options are sold.

Lake is seeking any required approval of Lodge’s appointment as Nominee.

Under the agreement reached with Lodge, it has agreed to:

- undertake to act as nominee for Ineligible Shareholders;
- receive the Bonus Options that would otherwise be issued to the Ineligible Shareholders under the Bonus Option Offer;
- exercise the Bonus Options issued to it before the Bonus Option Expiry Date; and
- offer the Lake Shares and Additional Options which are issued to it upon the exercise of the Bonus Options for sale on the ASX within 45 days after the date of their issue and distribute to each of the Ineligible Shareholders their proportion of the proceeds of the sale net of any fees provided for under the agreement (**Sale Proceeds**).

Neither Lake nor the Nominee, Lodge, will be liable for any failure to exercise the Bonus Options or to sell any resulting Shares and Additional Options if any of the Bonus Options have been exercised at any price. Ineligible Shareholders may receive no proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Nominee will not be required to sell any Ineligible Shareholders’ resulting Shares or Additional Options if any of the Bonus Options have been exercised, at a particular price.

Ineligible Shareholders may contact Lodge by the following means:

- Email: nominee@lodgepartners.com.au
- Telephone: +61 2 9225 4433

LAKE RESOURCES NL

Level 5, 126 Phillip Street
Sydney NSW 2000
+61 2 9188 7864

LAKERESOURCES.COM.AU
ASX:LKE FRA:LK1 OTC:LLKKF

CLEANER LITHIUM
FOR AN ELECTRIC WORLD

Notice to Ineligible Shareholders

Dear Shareholder,

On the 28 July 2021 Lake Resources NL (ASX: LKE; OTC: LLKKF) announced a pro-rata non-renounceable issue to Eligible Shareholders of one free Bonus Option for every ten Shares held on the Record Date (**Bonus Option Offer**), and for the issue to Eligible Shareholders of one further free Additional Option for every Bonus Option exercised prior to the Bonus Option Expiry Date (**Additional Option Offer**).

Under the Bonus Options Offer, the Bonus Options will be issued to Eligible Shareholders on the basis of one Bonus Option for every ten Shares held on the Record Date (24 August 2021). Each Bonus Option gives Eligible Shareholders the opportunity, but not the obligation, to subscribe for an additional Share in the Company at the Exercise Price of \$0.35 per Bonus Option before 5:00pm on the Bonus Option Expiry Date (15 October 2021).

Under the Additional Options Offer, Additional Options will be issued to Eligible Option holders after the Bonus Option Expiry Date. The Company will issue to Eligible Option holders one further Additional Option for every Bonus Option exercised prior to the Bonus Option Expiry Date. Each Additional Option gives Eligible Option holders the opportunity, but not the obligation, to subscribe for an additional Share in the Company at the Exercise Price of \$0.75 per Additional Option before 5:00pm on the Additional Option Expiry Date (15 June 2022).

As the Bonus Options will be issued for nil consideration, no funds will initially be raised from the Offer. If the maximum number of Bonus Options are issued and then exercised, and if the maximum number of Additional Options are accordingly issued and then exercised, the Company will raise approximately \$120,158,000 which it intends to use for advancing its Kachi Lithium Brine Project towards production and exploration and on other Lithium projects in Argentina and for general working capital purposes. The Bonus Option Offer is non-renounceable and therefore the Bonus Options will not be tradeable on the ASX or otherwise. The Company intends to make an application to the ASX for quotation of the Additional Options, which will allow Eligible Option holders to potentially trade their Options ahead of their expiry.

New shares issued as a result of Bonus Option Issue will rank equally in all respects with LKE's existing shares. If an Eligible Shareholder's Bonus Option results in a fraction of a new share, the shareholder's entitlement will be rounded down to the nearest whole number. A prospectus for the Bonus Option Issue Offer (**Bonus Option Issue Prospectus**) was lodged with ASX on 17 August 2021 and mailed to Eligible Retail Shareholders on or around 30 August 2021.

Eligibility Criteria

"Eligible Shareholders" are shareholders who:

- are registered as a holder of ordinary shares in the Company as at 5.00pm (Sydney time) on Thursday 24 August 2021 (**Record Date**);

- have a registered address in Australia, New Zealand and the United Kingdom, Jersey, the Netherlands, the Republic of Ireland, Argentina, Indonesia, Pakistan, Hong Kong and Singapore (**Eligible Jurisdictions**) on the Company's share register; and
- are eligible under all applicable securities laws to receive an offer under the Bonus Option Issue.

Shareholders who are not Eligible Shareholders are ineligible shareholders (**Ineligible Shareholders**). The restrictions upon eligibility under the Bonus Option Issue arise because of legal and regulatory requirements in countries other than those listed above and the potential costs to the Company and complexity of complying with these legal and regulatory requirements compared to the relatively small number of shareholders in those countries, the relatively small number of existing Company shares they hold and the relatively low value of the New Shares to which those shareholders would otherwise be entitled, or the Ineligible Shareholders recently joining the register.

Nominee

Lake is pleased to welcome the support from Lodge Partners Pty Ltd (**Nominee**), having agreed to act as Nominee for the holding and exercise of Bonus Options for foreign holders outside of the Eligible Jurisdictions, which would have otherwise been issued to them if they had addresses in Eligible Jurisdictions.

As previously noted in the Bonus Option Issue Prospectus, Lake intended to seek the appointment of a nominee to exercise the Ineligible Shareholders' Options to which they are entitled, and sell any resulting Shares and Additional Options. Lake has now appointed Lodge as Nominee. As previously noted, the Nominee will have the absolute and sole discretion to determine the price at which any resulting Shares and Additional Options are sold.

Lake is seeking any required approval of Lodge's appointment as Nominee.

Under the agreement reached with Lodge it agreed to:

- undertake to act as nominee for Ineligible Shareholders;
- receive the Bonus Options that would otherwise be issued to the Ineligible Shareholders under the Bonus Option Offer;
- exercise the Bonus Options issued to it before the Bonus Option Expiry Date; and
- offer the Lake Shares and Additional Options which are issued to it upon the exercise of the Bonus Options for sale on the ASX within 45 days after the date of their issue and distribute to each of the Ineligible Shareholders their proportion of the proceeds of the sale net of any fees provided for under the agreement (**Sale Proceeds**).

Neither Lake nor the Nominee, Lodge, will be liable for any failure to exercise the Bonus Options or to sell any resulting Shares and Additional Options if any of the Bonus Options have been exercised at any price. Ineligible Shareholders may receive no proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Nominee will not be required to sell any Ineligible Shareholders' resulting Shares or Additional Options if any of the Bonus Options have been exercised, at a particular price.

No action required

This notice is to inform you about the Bonus Option Offer and explain why you will not be eligible for the Bonus Options under the Bonus Option Offer. This notice is not an offer to issue Options or New Shares to you, nor an invitation for you to apply for Options or New Shares. You are not required to do anything in response to this letter. On behalf of the Board and management of the Company, we regret that you are not eligible to participate in the Bonus Option Offer but thank you for your ongoing support of the Company.

Contacting the nominee

Ineligible Shareholders may contact Lodge by the following means:

- Email: nominee@lodgepartners.com.au
- Telephone: +61 2 9225 4433

For further information please contact:

Steve Promnitz, Managing Director
+61 2 9188 7864
steve@lakeresources.com.au

Follow Lake on Twitter: https://twitter.com/Lake_Resources
Follow on LinkedIn: <https://www.linkedin.com/company/lake-resources/>
Website: <http://www.lakeresources.com.au>

Join Lake's mailing list for the latest announcements and news: <http://eepurl.com/gwA3o9>

For media queries, please contact:

Anthony Fensom, Republic PR, +61 (0) 407 112 623 , anthony@republicpr.com.au
Henry Jordan, Six Degrees Investor Relations: +61 (0) 431 271 538

About Lake Resources NL (ASX:LKE OTC:LLKKF) –

Clean high purity lithium using efficient disruptive clean technology - in demand by EV makers and lithium ion batteries

Lake Resources NL (ASX:LKE, OTC: LLKKF) is a clean lithium developer utilising direct extraction technology for production of sustainable, high purity lithium from its flagship Kachi Project within the Lithium Triangle in Argentina among other projects covering 200,000 ha.

This direct extraction method delivers a solution for two rising demands of electric vehicle batteries – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials.

1. **Clean-Tech:** Efficient, disruptive, cost-competitive technology using well-known water treatment re-engineered for lithium (not mining). Technology partner, Lilac Solutions Inc, supported by Bill Gates led Breakthrough Energy fund and MIT's The Engine fund.

2. **High Purity:** 99.97% purity lithium carbonate samples for a premium price. Demonstrated high quality in NMC622 lithium ion batteries (refer ASX announcement 20 October 2020; 2 March 2021).

3. **Sustainable /ESG:** Far smaller environmental footprint than conventional methods, that returns virtually all water (brine) to its source with a low CO2 footprint.

4. **Prime Location, Large Projects:** Flagship Kachi project in prime location among low cost producers with a large lease holding (70,000 ha) and expandable resource (4.4 Mt LCE) of which only 20% is used for 25 years production at 25,500tpa (JORC Resource: Indicated 1.0Mt, Inferred 3.4Mt, refer ASX announcement 27 November 2018). Pre-feasibility study by tier 1 engineering firm shows large, long-life low-cost operation with US\$1.6 billion NPV pretax, and annual EBITDA of US\$260 million from 2024 (refer ASX announcement 17 March 2021; 28 April 2020,).

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 in California operating on Kachi brines and has shown 80-90% recoveries. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low impurities (refer ASX announcement 20 October 2020). The first samples of high purity (99.97% purity) battery quality lithium carbonate were tested in a NMC622 battery by Novonix with excellent results (2 March 2021).

This method of producing high purity lithium can revolutionise and disrupt the battery materials supply industry as it's scalable, low cost, and delivers a consistent product quality.

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 12 June 2019, 23 March 2021).

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