

Lake Resources increases drilling at Kachi lithium project to underpin production expansion plans

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By

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Lake Resources aims to double the planned production capacity of its Argentinian lithium project.

Clean lithium developer Lake Resources (ASX: LKE) is increasing drill testing at its flagship Kachi lithium project in Argentina's famed lithium triangle to support a planned doubling of future production.

A four-well 1,600m diamond drill program is advancing with brine sampling and pump testing to support a conversion of resources to reserves for the project's definitive feasibility study.

The work will enable Lake to convert inferred resources to measured and indicated categories and allow for the completion of a production expansion study.

Kachi covers 740sq km of leases over a salt lake south of US-based Livent Corporation's lithium operations in the Catamarca and Salta provinces, and has a total resource of 4.4 million tonnes lithium carbonate equivalent (LCE).

Of that figure, approximately 1Mt sits in the indicated resource category while 3.4Mt has been classified as inferred.

In March, Kachi's net present value increased by 110% to \$2.1 billion with revised lithium price estimates in an updated pre-feasibility study based on the production of 25,500 tonnes per annum of high-purity, battery-grade lithium carbonate over 25 years.

Production expansion

A production expansion to 50,000tpa at Kachi is now being assessed as part of Lake's ambition to become a large producer of high-purity sustainable lithium.

The idea arose from a growing supply deficit for the battery-grade product, and promises a smaller environmental footprint than conventional methods with significantly reduced water usage, land use and carbon footprint.

These environmental, social and governance (ESG) benefits are increasingly sought after by electric vehicle manufacturers.

Lake managing director Steve Promnitz said expanded production at a "significant and relevant scale" for the battery supply chain could take place after full capacity has been achieved from initial production.

"An expansion would be expected to lower [our] total operating costs and deliver economies of scale in capital cost savings," he said.

"Potential for further cost reductions would come through the use of solar hybrid power, which would also lower [our] total carbon dioxide footprint."

Increased investments in Argentina

Lake's move towards expanded production follows increased investments in Argentina from companies such as China's Ganfeng Lithium which has proposed the development of a lithium-ion battery factory in Jujuy province and a 20,000tpa LCE project at Marianas.

In March, Livent struck a \$447 million deal with German automaker BMW to supply lithium directly from its Argentinian operations to BMW's battery cell manufacturers from next year.

Argentina's government has also flagged plans to incentivise further investment in the lithium sector, based on a potential national LCE resource of 350Mt.

In April, it established a lithium board roundtable in collaboration with the nation's lithium-rich provincial governments of Jujuy, Catamarca and Salta.

The roundtable is tasked with the development of lithium resources and industrialisation of the country's lithium industry.

Perfectly positioned to benefit from lithium investment surge

Mr Promnitz believes Lake is “perfectly positioned” to benefit from a surge in lithium investment amid accelerating demand for a battery-quality product.

“Argentina has become the key focus for lithium investment and interest continues to increase among potential offtakers to secure [our] supply,” he said.

“Our current drilling will support an expansion study to double production [which] would make Kachi a globally-significant producer and one of only a few [projects] that can bring high-purity lithium carbonate to market consistently with a low carbon footprint, which is perfect for the needs of leading electric vehicle makers,” Mr Promnitz added.

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