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UK Export Finance interest in funding Kachi is a big boost for Lake

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Lake Resources has received a major vote of confidence from UK Export Finance, which expressed interest in funding 70% of the development cost for its Kachi lithium project.

This is a big deal for the company.

Not only does the formal expression of interest (EOI) from the UK's export credit agency demonstrate official backing for the project in Argentina, it will also deliver significantly lower cost of capital than traditional financing structures and reflect confidence in clean lithium technology and its significant ESG benefits. It's rare that debt funding is in place before the final feasibility study is finished, which demonstrates how important ESG is to getting resources and energy projects financed.

Lake Resources (ASX:LKE) notes that the financing could be increased to support expanded production to 50,000 tonnes per annum of high purity lithium carbonate equivalent amid growing demand for battery-grade lithium.

It added that the EOI will encourage a UK-led sourcing strategy while retaining flexibility for other export credit agencies to participate.



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“This offer is a watershed moment for Lake – to have a leading ECA willing to indicate financial support for Kachi provides an enormous vote of confidence in our clean energy project,” managing director Steve Promnitz said.

“The support reflects not only Kachi’s robust financials but also its considerable ESG benefits such as a small environmental footprint, satisfying a number of defined sustainable development goals.

“Essentially this EOI is stating that if Lake does what it says it’s going to do in the DFS and ESIA, the project will be funded. Combined with backing from potential international off-takers, investors will increasingly see progress towards successful production and expansion of Kachi, perfectly timed to meet the needs of a decarbonising world.”

UK Export Finance and the EOI

UK Export Finance is the UK’s official export credit agency and has provided £14bn (\$26.4 billion) of support for UK exports and international trade in the last five years.

It’s EOI for Kachi is in line with OECD Arrangements for Officially Supported Export Credits and is not conditional on other ECA’s participating.

It is also non-binding and is subject to a series of standard project finance terms and due diligence that includes successful completion of a definitive feasibility study and an Environmental and Social Impact Assessment (ESIA) to Equator Principles.

Kachi Lithium

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.

Net present value and internal rate of return, both measures of a project's profitability, have been estimated at US\$1.6bn and 35% respectively, with an annual operating cashflow (EBITDA) of US\$260 million.

Lake noted that the DFS and ESIA are well advanced with completion targeted for the end of the first quarter of 2022.

The company is also well-funded through to the final investment decision on construction finance for Kachi, which is expected in mid-2022.

LKE Lake Resources			
Mkt Price \$0.66 +0.03 +4.8% 10:39 am	High \$0.675	Open \$0.645	Volume 5,356,746
	Low \$0.635	Prev. Close \$0.63	Turnover \$3,498,321

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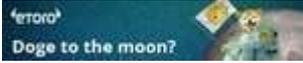
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