UPDATE 1-Lake Resources says UK export agency interested in funding Argentina lithium project

By Reuters Staff

(Writes through with executive comments)

MELBOURNE, Aug 11 (Reuters) - Australia’s Lake Resources said on Wednesday that the UK’s export credit agency had expressed strong interest in covering 70% of the funding needed for the lithium developer’s flagship Kachi project in Argentina.

UK Export Finance also indicated it could increase funding to boost lithium output at the project, the company said, adding that the agency’s interest will encourage a UK-led sourcing strategy.

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Amid rising demand for the metal used in electric vehicle batteries, developers of critical minerals such as rare earths and lithium have tapped export agencies for early project financing as big banks are still wary of lending to the sector.

The trade agency was attracted to Lake’s production method, which has a much smaller environmental footprint than other types, such as evaporation from brine, as well as a lower carbon output than lithium produced from hard rock spodumene, managing director Stephen Promnitz said. “They really liked the ESG benefit that was attached to this process of producing lithium,” he told Reuters.

Lake Resources said the funding is not binding yet and subject to offtake contracts, due diligence and the completion of a project feasibility study in the Catamarca province of Argentina.
The export agency is expected to offer financing after feasibility and environmental studies are finished following the first quarter of next year, with construction expected to start in mid-2022.

Lake Resources is in no rush to ink any supply deals despite a flurry of interest in the past two months as it is looking for particular terms including a minimum floorprice and some forward payment, Promnitz said.

“`The field of active offtakers has increased significantly in the past eight weeks. That tells us the shortfall that industry commentators said was coming in 2024 is coming earlier - maybe as soon as next calendar year.”`

Australia’s Core Lithium said this week that China’s Ganfeng Lithium would buy spodumene concentrate from its Finnis project in the Northern Territory while Vulcan Energy Resources signed a supply deal with Renault SA at the start of the month. (Reporting by Melanie Burton in Melbourne and Nikhil Kurian Nainan in Bengaluru; Editing by Ramakrishnan M and Edwina Gibbs.)

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