

Lake Resources' lithium production plans endorsed further by Export Development Canada's funding interest

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By

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Export Development Canada and UK Export Finance have expressed interest on working together to finance 70% of Lake Resources' development costs to bring the Kachi lithium brine project online.

Lake Resources' (ASX: LKE) Kachi lithium brine project in Argentina has received even further endorsement after Canada's official export credit agency provided a letter of interest (LoI) to work alongside UK Export Finance to provide funding for the asset's development.

Export Development Canada has expressed interest to work alongside UK Export Finance to provide about 70% of the total funding required to develop Kachi into a lithium chemical producing operation.

Export Development Canada's LoI does not increase the previous level of finance the UK's official export agency UK Export Finance expressed interest in providing last month.

However, Lake noted the Canadian export agency's participation will increase sourcing flexibility, and provide greater access to low-cost direct lending.

Lake managing director Steve Promnitz said the Lol with Export Development Canada alongside the earlier one from UK Export Finance de-risks the project for investors and international banks which continue to “express strong interest” in being part of Kachi’s development.

“Admittedly, Lake has significant work to convert these expressions of interest (Eol) into committed funding arrangements.”

“However, these Eols are a road map and if Lake does what it says it’s going to do in the definitive feasibility study and environmental and social impact assessment, the project will be funded,” Mr Promnitz added.

Advancing Kachi lithium brine project

A definitive feasibility study on developing Kachi along with an environmental and social impact assessment are underway and due for completion by mid-2022.

With \$26 million in cash and equivalents, Lake is well funded to the final investment decision on construction finance for Kachi which is anticipated after the completion of the definitive feasibility study and environmental assessment.

The company aims to develop a 25,500 tonne per annum lithium carbonate operation with first production anticipated in 2024.

Lake is evaluating expanding this output to 51,000tpa with a study on this due around the same time as the definitive feasibility study.

Unlike current lithium brine operations, Lake is proposing to use Lilac Solutions’ direct extraction technology, which has a much smaller environmental footprint.

Last week, Lake and Lilac cemented the partnership for Kachi with Lilac to receive a 25% equity in the project in return for its technology, engineering teams and onsite demonstration plant.

Lilac will also invest about US\$50 million in developing the project once it has secured its 25% interest.

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