

29 March 2022

## **The Japan-based trading company “Hanwa Co., Ltd.” in non-binding MoU to negotiate for offtake up to 25,000tpa and a long-term partnership with Lake Resources.**

- **Offtake proposal for up to 25,000 tonnes per annum (tpa) lithium carbonate (+/- hydroxide) at market prices from the Kachi Project in a non-binding agreement with the major Japanese partner.**
- **Hanwa intends to co-operate with Lake not only in marketing and distribution in Asian market but also in coordinating a strategic and sustainable supply chain with its potential customers in battery industry.**
- **Hanwa is considering a meaningful equity investment in order to build a solid and sustainable partnership with Lake Resources as well as other potential financial supports, such as a prepayment on offtake, trade financial facilities and project development supports.**
- **Intention to establish a strategic collaboration between Hanwa and Lake to develop a Clean Lithium Supply Chain to meet the environmental demands for Electric Vehicle, Stationary Battery and Cathodes' / Precursors' Manufacturers and their end customers.**
- **A successful outcome to negotiations will secure an “A-” credit rated offtake partner further de-risks the project for financiers and investors.**

Lake Resources NL (ASX: LKE; OTC:LLKKF), (**Lake**) advises that it has signed a non-binding Memorandum of Understanding (**MoU**) with a major Japanese partner, Hanwa Co., Ltd. (“**Hanwa**”), who has an “A-” credit rating, to provide for an offtake of up to 25,000 tonnes per annum (tpa) lithium carbonate over 10 years (with an extended additional 10 years), with a minimum of 15,000 tpa LCE, from the Kachi Project, to be priced at average quarterly benchmark market prices.

The MoU also allows for Hanwa to consider providing financial support mechanisms such as a meaningful equity investment, a potential prepayment on offtake, and trade finance facilities in order to secure a long-term agreement and build up a sustainable partnership with Lake.

“In April 2021, Hanwa formed the Battery Team to create multifaceted business opportunities in the industries of electric vehicle (EV) batteries and accumulators,” Mr. J. Tomono, the Corporate Officer as well as Battery Team Supervisor of Hanwa said.

“The market for lithium-ion batteries for EV is unstoppably expanding, and we are handling raw materials for those sophisticated products and increasing our involvement in all aspects of the supply chain.

“We have been seeking the right products, at scale, with the right partner, to advance development of the latest technology in batteries and its cathodes,” Mr. J. Tomono also said.

Hanwa and Lake have agreed under the non-binding MoU to negotiate in good faith and use all reasonable endeavours to finalise a comprehensive legally binding agreement, in conjunction with other battery supply

**LAKE RESOURCES NL**

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

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

chain participants, including electric vehicle, battery and cathodes' / precursors' manufacturers to develop a "clean lithium" supply chain to meet the environmental demands for EV makers and their customers.

Hanwa is willing to co-ordinate a strategic partnership between not only Hanwa and Lake but also companies in the downstream of the battery supply chain to jointly develop a unique and effective supply chain "for mutual growth and sustainability."

"Hanwa has already started to discuss and consider proactive cooperation with potential partners," Mr. J. Tomono said.

Lake will be providing samples and technical support to Hanwa and its potential battery supply chain partners/customers.

"The MoU reflects that Hanwa intends to move quickly to progress finalisation of the terms on a strong, long-term, binding final agreement on offtake, as well as allow for financial support for Lake," Lake's Managing Director, Mr. Steve Promnitz, said.

"Both Lake and Hanwa see this MoU as the path to finalisation of a binding long-term agreement with the ability to scale up production and participate in Lake's other projects to ensure high quality lithium products with leading ESG benefits are available to Hanwa's EV and battery customers."

Lake's Chairman, Mr. Stu Crow, said the finalisation of a binding long-term agreement with Hanwa will bolster Lake's financial position as it moves towards a Final Investment Decision later in the year.

"This MoU and finalisation of a binding offtake agreement with Hanwa will allow Lake to stay an independent supplier into global lithium supply chains and ensure security of supply to the market and potential customers."

Mr. Crow said project financing was becoming increasingly tied to ESG credentials and that investors, debt providers, and off-takers and their customers were demanding that new lithium projects adhere to strict ESG standards.

"Increasing customer and consumer scrutiny around the environmental credentials of lithium production; and concerns about security of supply has given us the confidence to enter into this partnership with Hanwa," Mr. Crow said.

He said the MoU with Hanwa, and with UK and Canada Export Credit Agencies already having indicated a willingness to project debt finance of around 70 percent of the Kachi project's capital requirements, supports Lake's TARGET 100 Program which has the goal of producing annually 100,000 tonnes of high purity lithium chemical to market by 2030.

The MoU and finalisation of a binding long-term agreement with Hanwa will provide for access to project-scale batteries to compliment a solar farm energy source at the Kachi project with trade finance at favourable rates for installation.

Hanwa has agreed to this market release. Lake will update the market on progress on the legally binding framework and other agreements as soon as it is able to do so.

**Lake Investors please contact:**

**Steve Promnitz, Managing Director**

[steve@lakeresources.com.au](mailto:steve@lakeresources.com.au) +61 2 9188 7864

**Twitter:** [https://twitter.com/Lake\\_Resources](https://twitter.com/Lake_Resources)

**LinkedIn:** <https://www.linkedin.com/company/lake-resources/>

**Facebook:** <https://www.facebook.com/LakeResources>

**Website:** <http://www.lakeresources.com.au>

**Join Lake's mailing list:** <http://eepurl.com/gwA3o9>

**IR:** Anthony Fensom, Republic PR, +61 (0) 407 112 623, [anthony@republicpr.com.au](mailto:anthony@republicpr.com.au)

**For media queries, please contact:**

Nigel Kassulke at Teneo

**M:** +61407904874

**E:** [Nigel.Kassulke@teneo.com](mailto:Nigel.Kassulke@teneo.com)

**About Hanwa**

Hanwa Co., Ltd. is a Japan-based trading company, handling a diverse range of commodities including steel products, non-ferrous metals, foods, petroleum and chemical products, lumbers, machinery and now intensively focusing on key-feedstock (metals & chemicals) for rechargeable battery and FCV with a market capitalization of 130 billion yen and reported net sales of more than 1,700 billion yen in F.Y. 2020 - 2021.

Hanwa is aggressively acting amongst the largest commodity traders of battery metals and chemicals specifically in the entire Asian region, and has a long history of trading with global metal and chemical producers and operating a specially-dedicated Battery Team, focusing on supplying cathodes' and anodes' raw materials across the global battery supply chain especially in Japan, Korea and China.

**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 in Catamarca Province within the Lithium Triangle in Argentina among three other projects covering 220,000 ha.

This direct extraction method delivers a solution for two rising demands – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials with low carbon footprint and significant ESG benefits.

1. **Climate-Tech:** Efficient, disruptive, clean, cost-competitive technology using well-known water treatment re-engineered for lithium (not mining). Technology partner, Lilac Solutions Inc, is supported by the Bill Gates led Breakthrough Energy fund, MIT's The Engine fund, Chris Sacca's Lowercarbon Capital, BMW, Sumitomo and SK Materials. Lilac currently owns 10% of the Kachi Project, and may earn-in to a total 25% stake, based on certain milestones, and then be expected to fund their c.US\$50 million pro-rata share (refer ASX announcement 22 September 2021)

2. **High Purity:** 99.97% purity lithium carbonate samples for a premium price, demonstrated in pilot plant operations in California with a demonstration plant en route to the Kachi Project. Demonstrated high quality in nickel rich 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 (74,000 ha) and expandable resource (4.4 Mt LCE) used for 25 years production at 50,000tpa (JORC Resource: Indicated 1.0Mt, inferred 3.4Mt, refer ASX announcement 27 November 2018). Pre-feasibility study at 25,500tpa 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 using past pricing of US\$15,500/tonne lithium carbonate (refer ASX announcement 17 March 2021; 28 April 2020). (No changes to the assumptions in the resource statement or the PFS have occurred since the announcement date.)

5. **Finance Indicatively Available:** Long duration, low-cost project debt finance for the Kachi Lithium Project is indicatively available from the United Kingdom's Export Credit Agency UKEF and Canada's EDC with Expressions of Interest to support approx. 70% of the total finance required for Kachi's development, subject to standard project finance terms (refer ASX announcements 11 August 2021; 28 September 2021).

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 with a significant ESG benefit.

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/>