RESEARCH REPORT

CORPORATE CONNECT

Lake Resources Limited - Update

Signs MOU with Ford Company – Kachi is now sold out!

Share Price & Estimated Future Price		
	Price in 12-months	$2.80
	Current Price	$1.84
	Implied Change	+52%

Lake Resources (LKE. ASX) – LKE has signed **two non-binding MOU's** in the space of 10 days. Ford Company (Ford) has signed an MOU for ~25,000t/year and last week Hanwa, a Japanese commodity trader signed a MOU for up to 25,000t/year. Subject to execution, this is an amazing feat as Ford and Hanwa are prepared to enter into longer-term strategic partnerships with LKE. Commercial negotiations are still ongoing but are expected, especially if Ford & Hanwa inject new equity into LKE, to further de-risk the project financing & thus ensure LKE and Kachi are fully funded.

LKE signs MOU with Ford the 2nd largest auto seller in the US. Ford is 118 years old and sold 3.9m vehicles globally in 2021 of which 1.8m were sold in the US. Ford's bestseller is its F-series with F-150 sales of 726,000 units in 2021 sitting ahead of Stellantis' RAM light truck at 569,388 units.

Despite having the best selling light truck for 45 years in the US, Fords global auto sales have declined ~40% since 2016. Ford's assertive push into EVs is an attempt to revitalise its brand and rebuild relevancy. Doing so, Ford is spending US$50Bn by 2026 to build a **zero emissions integrated supply chain** with 129Gwh of EV auto and battery cell capacity already announced.

LKE lithium bound for Ford's next generation EVs – To support its EV vision, Ford is delving deep into the supply chain to ensure they and their battery cell partner, South Korea's SK Innovation, can access low emissions products with the highest quality lithium. The next generation all-electric to follow the F-150 Lightening truck is due for release from these new plants in 2025.

Japan Inc. is also involved – As a Japanese commodity trader Hanwa sources battery cell precursor materials (graphite, nickel, lithium etc) to make anodes and cathodes, which they then on-sell to credit worthy counterparties. With Hanwa as the on-seller of product containing Kachi lithium, the EV ecosystem and their bankers will effectively be dealing with an A- rated credit rather than LKE, which is a sub investment grade credit. With Hanwa acting as the intermediary, conversations that may never have happened can now happen.

Kachi is SOLD OUT – With project production capacity of 50,000t/year and two MOU's on the table, each up to 25,000t/year, Kachi is technically *"SOLD OUT".* To keep the conversation rolling, LKE's CEO suggested in the ASX release that the collaboration with both Ford and Hanwa could also extend interest to its two other 100% owned brine projects in Argentina, which lie proximal to Ganfeng and Orocobre's producing assets. We presently do not ascribe any value to this long dated option beyond estimated land value.

Valuation upside – We model a 2-train development to 50kt/year. Train-1 to 25kt/year remains discounted at 0.75xNPV. No longer can we carry such a large discount for train-2 and now reduce the risking from 0.50xNPV to 0.65xNPV. On a blended 50kt/year basis, this yields a total project risking of 0.7xNPV. As a result, our underlying 12-months out value increases from $2.56/share to $2.80/share (+9.4%). Further de-risking at the asset level over coming months will add upwards pressure to the valuation. **An expansion to 100kt/year is not yet included in our value proposition.**

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Company Information	
ASX Ticker	LKE
OTC Ticker	LLKKF
ASX Price (A$)	1.84
52-week range (A$)	0.20-2.65
Position relative to 52-week high	-31%
Shares on Issue (m)	1,277.5
Options (m)	163.5
Fully Diluted Shares on Issue (m)	1,441
Market Capitalisation (A$m)	2,351
Average Daily Volume (m)*	13.4

Market Model - undiluted	Unit	
Market capitalisation	A$m	2,351
Cash	A$m	100
Debt	A$m	0.0
Enterprise value (EV)	A$m	2,251
Market model / Risked intrinsic value %	%	62.6%
Cash % market cap	%	4.3%

Board & Key Personnel	
Stephen Promnitz	MD
Stuart Crow	Chairman & NED
Robert Trzebski	NED
Sra. Amalia Saenz	NED
Dr Nick Lindsay	Exec Tech Director
Gautam Parimoo	COO
Peter Neilson	CFO

Ford's F-150 Lightening EV truck

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Low cost funding pathway opening up

Company Summary

Investment Thesis – our view remains that every possible lithium project is required to meet demand

LKE aims to become a major global producer of high-quality battery grade lithium carbonate from its Argentinian Kachi Project (net 75%). LKE also holds 100% equity in three other significant Argentinian brine assets situated in the Lithium Triangle, which produces ~40% of global lithium production. The race is on and those with a point of differentiation are being rewarded.

LKE will use patented direct extraction technology (DLE) to produce greener lithium for sales into Europe, US and Asia. With its partner Lilac Solutions (Lilac), LKE plans to monetise a low carbon, low water, low waste, light footprint and high value project.

Battery cell samples created by NOVONIX, using LKE's Tier-1 quality lithium carbonate, have been sent to battery/auto OEMs for qualification. Results are expected in coming months & offtake negotiations are advanced. Around mid-2022, the DFS is due to complete, the demonstration plant should be producing samples and FID will trigger construction. Production of high purity lithium could commence mid '24 Calender year (CY). We assume a start up June 2024 (CY), suggesting ramp volumes mostly occurs in LKE's 2025 fiscal year (FY). Peak production of 50kt/year is expected in 2027 (FY).

In 2021, LKE **refreshed the original April '20 PFS** by increasing the lithium price from US$11,000 to US$15,500/t. With spot prices surging & now stabilising at ~US$75,000/t, the **DFS now due 3Q22** is expected to include significantly higher lithium prices.

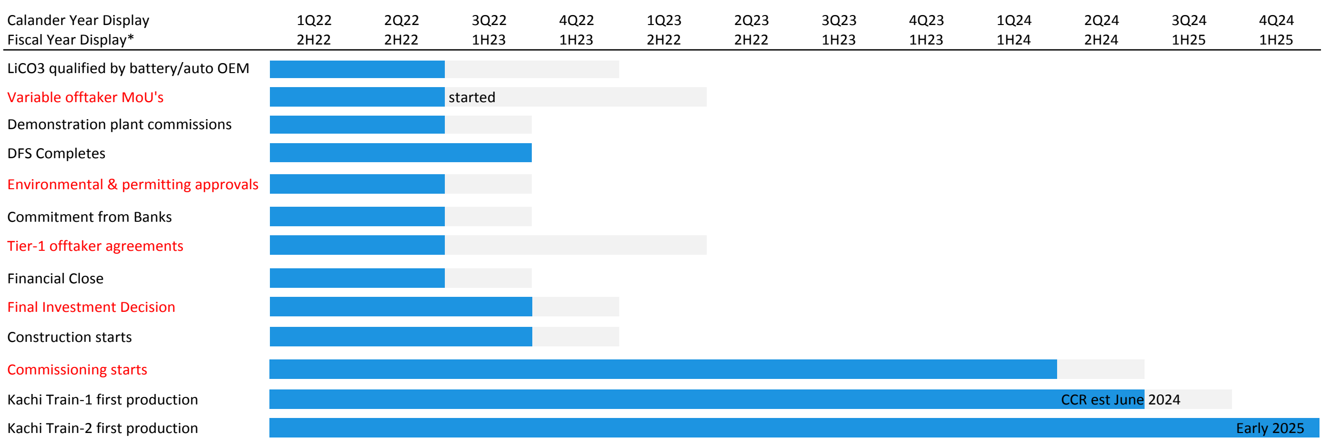
Our prior Kachi model, for a 25.5kt operation, was calibrated against output from the refreshed PFS. Given the high confidence around these input variables, we rated the development of a single processing train at 0.75xNPV, and continue to do so. In a later report we presented an expansion phase increasing production to 51kt/year. LKE recently announced that an expansion to 50kt/year would now form the base case for the DFS. We continue to calculate the capex and opex for the expansion phase using the "6/10's rule". **With lithium prices surging, a sense of buyer panic is developing due to little new development and long lead times to production and a growing ESG focus.** With battery grade lithium carbonate in clear undersupply, price premiums for a LKE's cleaner/purer product are likely.

JORC PROJECT RESERVES In mt LCE	Measured	Indicated	Inferred	Measured & Indicated	Measure, Indicated & Inferred
Kachi (LKE net 75%, Lilac Solutions net 25%)	-	1.01	3.40	1.01	4.41

Key recent operational ASX announcements include;

- Lake and **Ford Motor Company** sign non-binding MOU (April '22)
- Lake signs non-binding MOU with Japanese trading company **Hanwa** (March '22)
- Lilac demonstration plant being delivered to Kachi Lithium Project (March '22)
- Lake initiates Target 100 expansion strategy to fast-track lithium projects (Feb '22)
- Kachi production increased to 50,000tonnes/year lithium carbonate as Base Case for DFS (Jan '22)
- Canada provides further export credit support for Kachi (Sept '21)
- Lake partners with Lilac Solutions for technology and funding to develop Kachi (Sept '21)

Catalysts timeline *(source: Lakes Resources & CCR estimates)*



**LKE Reports a Fiscal Year. CCR model based on fiscal year timelines*

Lake Resources Limited - Update

Low cost funding pathway opening up

Highlights and observations of Ford MOU (ASX release 11th April 2022)

- **CCR released an interview with LKE CEO Steve Promnitz. Open video Interview here**
- **Non binding MOU signed with Ford Motor Company for ~25kt/year of LCE**
- **No mention of contract price, structure or term…however, CEO suggests;**
- **Ford plans to bring zero emission all electric vehicles to market from 2025**

- LKE has signed a non-binding MOU with Ford, the 2nd largest seller of vehicles in the USA, behind Toyota. On the EV sales front however, Ford was a distant #2 behind Tesla. Ford's target for EV spending through to 2026 was recently increased from US$30Bn to US$50Bn and in a growing commitment to EVs. In line with this, Ford recently separated its growing E-business from its historical internal combustion business (ICE).
- **The Ford MOU** is for around 25,000t/year and provides a pathway to negotiate in good faith a binding sales and purchase agreement. As commercial discussions are still ongoing little material information was available for release. However, LKE suggested Ford was also interested in its other 100% owned lithium projects.
- Ford recently accelerated plans to produce **150,000 units of its all electric F-150 Lightening light truck** and reservations, for the truck, which far exceeded expectations, closed early in December 2021 for delivery from 2023. The next generation all-electric zero emissions F-150 will be produced from 2025.
- **Ford remains committed to the EV space** having announced plans to build 129GWh of EV factory capacity across two states in the US. Ford, along with its JV partner, South Korea's SK Innovation, plan to build a **zero emissions 43Gwh integrated Gigafactory in Tennessee and two 43Gwh battery factories in Kentucky for a total of US$11.4Bn**. These zero emission factories, which will be powered by renewable energy, will produce the next generation all electric F-150 truck and Lincoln vehicles from 2025. Benchmark Minerals Intelligence suggests one 30Gwh Gigafactory produces ~0.5m cars/year and requires ~25kt of lithium.
- **Ford's all electric F150 Lightening**, which is available soon, accelerates from 0-60mph (100kmph) in "mid 4 second range". Stellantis is the #3 producer of EV light trucks in the US. Its all electric equivalent the RAM light truck, is not due until 2024 and by that time Ford aims to be producing 150,000 units of its F-150 Lightening truck.
- **There is really no surprise that the F-150 Lightening was so successful**. The light truck can provide backup power from a fully charged F-150 truck battery to your home for 3 days at ~30kWh/d or for up to 10 days with rationing. The Lightening can provide peak power of 9.6kWh and the truck can also be turned into a generator providing power to home and garden electric utensils. Working and living off grid has never been easier…and this will likely have great appeal in the US in particular.

  The attraction of the F-150 is the ability to work remote. The likely surge in electric tools for Trades and Dad's might suggest that demand forecasts for LIBs may prove too conservative. Another way to look at it is demand destruction at the EV level maybe required to compensate for the broader use of electric tools. This logic reduces the risk that demand for LIBs will fade any time soon.
- **CEO suggests pricing will be similar to that announced in the Hanwa MOU. On this basis terms will likely use a market based pricing mechanism**, which is expected to include a blend of contract and spot prices. Price transparency could be provided by the likes of S&P Global, Fastmarkets and Benchmark Minerals Intelligence. With the return to a tight market, as we have now, the effect of lower priced contracts is dragging down the average price. As new market-based contracts are signed the impact of higher spot pricing to outcomes should increase. No detail was provided as to how Ford or Hanwa might manage price pressure.
- **The strategic relationship with LKE** could give Ford access to potentially large supplies of green lithium. LKE recently announced the Target 100 Program, which means they potentially still have up to another ~50kt to bed down. Much exploration will need to prove up but although undisclosed, perhaps Ford and Hanwa have first option over any success.

Comments

- As in CCR's Hanwa webinar, the LKE CEO in the Ford webinar hinted that the market might not have long to wait to see both MOUs converted to a binding contract.

Lake Resources Limited - Update

Low cost funding pathway opening up

Highlights and observations of Hanwa MOU (ASX release 29th March 2022)

- **CCR held a Hanwa interview with LKE CEO Steve Promnitz. Open video Interview here**
- **Hanwa was founded in Tokyo in 1947**
- **A sizeable long term contract using a market based pricing mechanism; and**
- **The initial contract term is 10 years with an option for another 10 years.**

- **Hanwa Co is a leading Japanese based global trading company** and one of the larger traders of battery chemicals in the Asian region. It has a market cap of US$1Bn and an EV of ~US$5Bn.
- Hanwa is known to producers in the EV and lithium space having formed strategic partnerships prior with Bacanora Lithium in Mexico and Orocobre in Argentina. As a result, Hanwa would be expected to understand brines and would be well versed in the economics and legalities of brine assets in Argentina.
- The MOU is for between 15kt/year and 25kt/year of Kachi product. The offtake term is 10 years with an option to increase for another 10 years. Hanwa could also take an equity stake in LKE. We note Hanwa took a 10% equity stake in Baconara Lithium.
- **Kachi lithium will contain a market based pricing mechanism**, which is expected to include a blend of contract and spot prices. Price transparency could be provided by the likes of S&P Global, Fastmarkets and Benchmark Minerals Intelligence. With the return to a tight market, as we have now, the effect of lower priced contracts is dragging down the average price. As new market-based contracts are signed the impact of higher spot pricing to outcomes should increase. No detail was provided as to how this upwards pressure to prices might be managed by Hanwa. At this stage there are no signs of caps and collars, which the Japanese are very familiar with through their LNG trade. This suggests there is a deep perception that market tightness in the lithium markets has a meaningful duration.
- In its role as a commodity trader, **Hanwa will acts as an intermediary between Lake and the projects counterparties**. Doing so should reduce risk at the asset level and make it easier for senior banks to support the project financing.
- The strategic relationship with LKE could give Hanwa access to potentially large supplies of green lithium. For LKE, they could gain access to Hanwa's supply chain. Why would they do this? There will come a time when Hanwa's exposure risk to Kachi will mean they will need to look elsewhere for supplies. It is important for LKE to mitigate this risk as its recently announced Target 100 Program, means they potentially still have up to another 75kt to bed down. It seems, the aim of the **strategic partnership from LKE's perspective is to embed LKE into Asia's battery ecosystem.** If correct, doing so could give LKE a significant lead in the development stakes over competing lithium projects.
- In the CCR interview, the CEO hinted that the market might not have long to wait to see the MOU converted to a binding status. As Hanwa may need to reduce/eliminate its counterparty risk before signing, it is possible further announcements around parties involved could be expected. Will **Toyota** be in the mix? Perhaps the market may not have too long to wait.

Other recent highlights

- The CEO flagged that the Kachi **DFS will slip into 3Q22**
- Drilling to support the recently announced 100 Target Program (to lift production from 50kt to 100kt), has commenced at the Olaroz, Cauchari and Paso 100% owned prospects. The plan is to drill 10 rotary wells for a total of 4,000m
- Following the recent $39m raise from Acuity Capital, LKE has $100m in the bank. A further $60m is expected from the expiry of options in June. An equity investment by Hanwa was flagged. With a pathway to a project finance becoming clearer it seems LKE's is approaching fully funded status at the asset level (net 75%).

Comments

- In the short term, the biggest risk remains the demonstration plant, which is a ~7x mock up of the successful pilot plant in California. The modular demonstration plant, is on its way to Argentina and will operate on site at an elevation of ~3,000m. Lilac Solutions (Kachi 25%) is installing and commissioning the modular plant, which was pre-tested in California under varying pressure regimes.

Lake Resources Limited - Update

Low cost funding pathway opening up

A$ RISKED EARNINGS

RISKED EARNINGS FORECAST, CASHFLOW & BALANCE SHEET

Kachi Phase-1 risking at 0.75x NPV

Kachi Phase-2 risking at 0.65x NPV

PRICE: A$1.84

PROFIT AND LOSS (risked)	(Year End June)						
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Revenue	A$m	-	-	-	20.4	374.4	845.9
Expenses	A$m	(2.9)	(2.9)	(2.9)	(12.4)	(71.0)	(143.6)
EBITDA	A$m	**(2.9)**	**(2.9)**	**(2.9)**	**8.0**	**303.4**	**702.3**
Depreciation	A$m	(0.0)	-	-	(3.8)	(69.5)	(138.6)
EBIT	A$m	(2.9)	(2.9)	(2.9)	4.2	233.9	563.7
Net interest (expense)	A$m	-	-	-	(0.7)	(16.8)	(16.8)
NPBT	A$m	**(2.9)**	**(2.9)**	**(2.9)**	**3.5**	**217.1**	**546.9**
Tax expense	A$m	-	-	-	-	(53.7)	(136.7)
NPAT (pre-abnormal)	A$m	**(3.1)**	**(2.9)**	**(2.9)**	**3.5**	**163.4**	**410.2**
Abnormal items	A$m	-	-	-	-	-	-
NPAT (reported)	A$m	**(3.1)**	**(2.9)**	**(2.9)**	**3.5**	**163.4**	**410.2**

CASH FLOW (risked)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
OPERATING CASHFLOW							
NPAT	A$m	(3)	(3)	(3)	4	163	410
Add: non-cash items	A$m	0	-	-	4	-	-
Change in working capital	A$m	-	-	-	-	(42)	3
Operating cash flow	A$m	**(3)**	**(3)**	**(3)**	**7**	**121**	**413**
INVESTING CASHFLOW							
PP&E	A$m	(0)	-	(236)	(334)	(174)	(48)
Exploration & evaluation	A$m	(5)	(10)	(8)	(8)	(8)	(8)
Sustaining capital (from 2028)	A$m	-	-	-	-	-	-
Rehabilitation charge	A$m	-	-	-	-	-	(2)
Investing cash flow	A$m	**(5)**	**(10)**	**(243)**	**(342)**	**(182)**	**(58)**
FINANCING CASHFLOW							
Share issues	A$m	33	99	-	26	-	-
Project equity	A$m	-	-	144	-	-	-
Project debt	A$m	-	-	336	-	-	-
Other	A$m	0	-	-	-	-	-
Financing cash flow	A$m	**33**	**99**	**479**	**26**	**-**	**-**
Surplus Cashflow	A$m	25	86	233	(308)	(61)	355

BALANCE SHEET (risked)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
ASSETS							
Cash (incl. raising)	A$m	26	112	345	40	49	542
Accounts receivable	A$m	0.3	0	0	0	31	40
PP&E (Capex less depreciation)	A$m	0	0	236	566	671	582
Exploration & evaluation assets	A$m	22	32	39	47	55	63
Other	A$m	0	-	-	-	16	6
Total assets	A$m	**48**	**144**	**620**	**654**	**821**	**1,233**
LIABILITIES							
Creditors	A$m	1	1	1	1	5	6
Provisions	A$m	-	-	-	-	-	-
Borrowings	A$m	-	-	336	336	336	336
Other	A$m	0	0	0	0	0	0
Total liabilities	A$m	**1**	**1**	**336**	**336**	**341**	**342**
SHAREHOLDER'S EQUITY							
Share capital	A$m	66	165	309	338	338	338
Reserves	A$m	3	3	3	3	3	3
Retained earnings	A$m	(22)	(25)	(28)	(24)	139	549
Total equity	A$m	**47**	**143**	**284**	**317**	**480**	**891**
Weighted average NoSh/period	m	1,047	1,441	1,521	1,521	1,521	1,521

RATIOS							
ASSETS	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Net Cash (Debt)	A$m	26	112	9	(295)	(287)	206
Net Debt/Equity	%	0%	0%	0%	93%	60%	0%
EPS	cps			(0.00)	0.00	0.11	0.27
PE ratio	ratio	-617.7x	-928.4x	-955.1x	790.0x	17.1x	6.8x
Ebitda ratio	ratio	-	-	0.0x	0.4x	0.8x	0.8x
EV/Ebitda ratio	ratio	-	-	-768.1x	280.2x	0.0x	0.0x

PRODUCTION ESTIMATES (Net)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
PROJECTS							
Brine treated	mcm	-	-	-	1	18	65
Brine grade	mg/L Li	-	-	-	250	250	250
Contained lithium	kt LCE	-	-	-	1.3	24.0	56.7
Recovery	%	-	-	-	83%	83%	83%
Project lithium (de-risked)	**kt LiCO3**	**-**	**-**	**-**	**1.1**	**19.9**	**47.2**
Project lithium (risked)	**kt LiCO3**	**-**	**-**	**-**	**0.8**	**15.0**	**33.2**
-Net to Lake & risked (in P&L)	**kt LiCO3**	**-**	**-**	**-**	**0.8**	**15.0**	**24.9**

NOMINAL PRICING & FOREX ASSUMPTIONS							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
REAL KACHI LITHIUM PRICE	US$/t	8,641	25,000	25,000	25,000	25,000	25,000
Spot Price*	US$/t	**8,641**	**63,000**				
NOMINAL PRICES							
Lithium carbonate (LCE)	US$/t	8,641	25,000	25,500	26,000	26,500	27,000
Lithium carbonate (LCE)	A$/t	11,521	34,247	34,000	34,667	35,333	36,000
CURRENCY							
AUD/USD (PFS)	A$/US$	0.75	0.73	0.75	0.75	0.75	0.75

MARKET MODEL		
Year ending 30 June	**Unit**	
Market cap	A$$m	2,351
Cash	A$$m	100
Debt	A$$m	-
Enterprise value (EV)	A$$m	**2,251**
Cash % market cap	%	**4.3%**
Market / Risked Intrinsic model		**62.6%**
No of shares outstanding	m	1,278
No of diluted outstanding shares*	m	1,441

** Outstanding shares +83.9m options due June '22 + 11.4m in '23 & 42.7m in '24*

DISCOUNTED CASHFLOW MODEL - Refer Scenario–1	Discount	PROJECT	NET NPV	De-risked		NET NPV	Risked
NPV (Post tax)	**Rate %**	**(US$m)**	**(US$m)**	**(A$m)**	**Risking**	**(A$m)**	**A$/sh**
Kachi Lithium Project							
Phase-1 (net 75%)	8%	2,696	2,022	2,722	75%	2,041	1.42
Phase-2 (net 75%)	8%	2,122	1,591	2,142	65%	1,392	0.97
NPV Kachi		**4,818**	**3,550**	**4,863**		**3,433**	**2.38**
Other Lithium Assets					100%	103	0.07
-Corporate Costs	10%				100%	(39)	(0.03)
+Net Cash (+near term options)					100%	100	0.07
Equity value			**3,550**	**4,863**	**100%**	**3,597**	**2.50**

Equity value	**A$m**	3,597
Fully diluted in 2022 (m)	NoSh	1,441
DCF value Feb '22	**A$/share**	**2.50**
DCF value 12-months out	**A$/share**	**2.80**
Target Price 12-months out*	**A$/share**	**2.80**

** Prior a 25% discount was carried against the 12-month NPV to land the target price. This has now been removed.*

VALUATION – CURRENT DCF SENSITIVITIES (Feb '22)					
LITHIUM PRICES		**US$/t**	**$m**	**$/sh**	**% diff**
	Base	25,000	3,597	2.50	
-2,500	Low	22,500	2,856	2.02	-19%
+2,500	High	27,500	3,718	2.63	5%
EXCHANGE RATE (long term)		**AUD/USD**	**$m**	**$/sh**	**% diff**
	Base	0.75	3,597	2.50	
+0.1	Low	0.85	2,872	2.02	-19%
-0.1	High	0.65	3,675	2.60	4%
WACC (post tax)			**$m**	**$/sh**	**% diff**
	Base	8.0%	3,597	2.50	
	Low	7.0%	3,567	2.52	1%
	High	9.0%	3,047	2.16	-13%

Note:

In above earnings **Train-1** to 25kt/year is risked at 0.75xNPV & **Train-2** is risked at 0.5xNPV.

As risking multiple changes so does the P&L, Cashflow and Balance Sheet

Lake Resources Limited - Update

Low cost funding pathway opening up

A$ FULLY DE-RISKED EARNINGS

DE–RISKED EARNINGS FORECAST, CASHFLOW & BALANCE SHI Kachi Phase-1 risking at 1.00x NPV — PRICE: A$1.84
Kachi Phase-2 risking at 1.00x NPV

PROFIT AND LOSS (risked)	(Year End June)						
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Revenue	A$m	-	-	-	27.2	499.2	1,203.2
Expenses	A$m	(2.9)	(2.9)	(2.9)	(15.2)	(92.9)	(200.7)
EBITDA	A$m	**(2.9)**	**(2.9)**	**(2.9)**	**12.0**	**406.3**	**1,002.4**
Depreciation	A$m	(0.0)	-	-	(5.1)	(92.7)	(195.1)
EBIT	A$m	(2.9)	(2.9)	(2.9)	6.9	313.6	807.4
Net interest (expense)	A$m	-	-	-	(1.0)	(24.4)	(24.4)
NPBT	A$m	**(2.9)**	**(2.9)**	**(2.9)**	**5.9**	**289.2**	**782.9**
Tax expense	A$m	-	-	-	(0.0)	(72.3)	(195.7)
NPAT (pre-abnormal)	A$m	**(3.1)**	**(2.9)**	**(2.9)**	**5.9**	**216.9**	**587.2**
Abnormal items	A$m	-	-	-	-	-	-
NPAT (reported)	A$m	**(3.1)**	**(2.9)**	**(2.9)**	**5.9**	**216.9**	**587.2**

CASH FLOW (risked)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
OPERATING CASHFLOW							
NPAT	A$m	(3)	(3)	(3)	6	217	587
Add: non-cash items	A$m	0	-	-	5	-	-
Change in working capital	A$m	-	-	-	-	(56)	4
Operating cash flow	A$m	**(3)**	**(3)**	**(3)**	**11**	**161**	**591**
INVESTING CASHFLOW							
PP&E	A$m	(0)	-	(314)	(464)	(268)	(75)
Exploration & evaluation	A$m	(5)	(10)	(10)	(10)	(11)	(11)
Sustaining capital (from 2028)	A$m	-	-	-	-	-	-
Rehabilitation charge	A$m	-	-	-	-	-	(3)
Investing cash flow	A$m	**(5)**	**(10)**	**(325)**	**(475)**	**(279)**	**(88)**
FINANCING CASHFLOW							
Share issues	A$m	33	99	-	26	-	-
Project equity	A$m	-	-	210	-	-	-
Project debt	A$m	-	-	489	-	-	-
Other	A$m	0	-	-	-	-	-
Financing cash flow	A$m	**33**	**99**	**698**	**26**	**-**	**-**
Surplus Cashflow	A$m	25	86	371	(437)	(118)	503

BALANCE SHEET (risked)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
ASSETS							
Cash (incl. raising)	A$m	26	112	483	50	25	723
Accounts receivable	A$m	0.3	0	0	0	41	53
PP&E (Capex less depreciation)	A$m	0	0	314	774	949	831
Exploration & evaluation assets	A$m	22	32	42	52	63	74
Other	A$m	0	-	-	-	21	8
Total assets	A$m	**48**	**144**	**839**	**876**	**1,099**	**1,688**
LIABILITIES							
Creditors	A$m	1	1	1	1	7	8
Provisions	A$m	-	-	-	-	-	-
Borrowings	A$m	-	-	489	489	489	489
Other	A$m	0	0	0	0	0	0
Total liabilities	A$m	**1**	**1**	**490**	**490**	**496**	**497**
SHAREHOLDER'S EQUITY							
Share capital	A$m	66	165	374	405	405	405
Reserves	A$m	3	3	3	3	3	3
Retained earnings	A$m	(22)	(25)	(28)	(22)	195	782
Total equity	A$m	**47**	**143**	**350**	**387**	**604**	**1,191**
Weighted average NoSh/period	m	1,047	1,441	1,557	1,557	1,557	1,557

RATIOS							
ASSETS	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Net Cash (Debt)	A$m	26	112	(6)	(439)	(464)	234
Net Debt/Equity	%	0%	0%	2%	113%	77%	0%
EPS	cps			(0.00)	0.00	0.14	0.38
PE ratio	ratio	-617.7x	-928.4x	-978.0x	486.4x	13.2x	4.9x
Ebitda ratio	ratio	-	-	0.0x	0.4x	0.8x	0.8x
EV/Ebitda ratio	ratio	-	-	-768.1x	187.6x	0.0x	0.0x

PRODUCTION ESTIMATES (Net)							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
PROJECTS							
Brine treated	mcm	-	-	-	1	18	65
Brine grade	mg/L Li	-	-	-	250	250	250
Contained lithium	kt LCE	-	-	-	1.3	24.0	56.7
Recovery	%	-	-	-	83%	83%	83%
Project lithium (de-risked)	**kt LiCO3**	**-**	**-**	**-**	**1.1**	**19.9**	**47.2**
Project lithium (risked)	**kt LiCO3**	**-**	**-**	**-**	**1.1**	**19.9**	**47.2**
-Net to Lake & risked (in P&L)	**kt LiCO3**	**-**	**-**	**-**	**1.1**	**19.9**	**35.4**

NOMINAL PRICING & FOREX ASSUMPTIONS							
Year ending 30 June	**Unit**	**2021A**	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
REAL KACHI LITHIUM PRICE	US$/t	8,641	25,000	25,000	25,000	25,000	25,000
Spot Price*	US$/t	**8,641**	**63,000**				
NOMINAL PRICES							
Lithium carbonate (LCE)	US$/t	8,641	25,000	25,500	26,000	26,500	27,000
Lithium carbonate (LCE)	A$/t	11,521	34,247	34,000	34,667	35,333	36,000
CURRENCY							
AUD/USD (PFS)	A$/US$	0.75	0.73	0.75	0.75	0.75	0.75

MARKET MODEL		
Year ending 30 June	**Unit**	
Market cap	A$$m	2,351
Cash	A$$m	100
Debt	A$$m	-
Enterprise value (EV)	A$$m	**2,251**
Cash % market cap	**%**	**4.3%**
Market / Risked Intrinsic model	**%**	**44.8%**
No of shares outstanding	m	1,278
No of diluted outstanding shares*	m	1,441

** Outstanding shares +83.9m options due June '22 + 11.4m in '23 & 42.7m in '24*

DISCOUNTED CASHFLOW MODEL - Refer Scenario–1							
	Discount	**PROJECT**	**NET NPV**	**De-risked**		**NET NPV**	**Risked**
NPV (Post tax)	**Rate %**	**(US$m)**	**(US$m)**	**(A$m)**	**Risking**	**(A$m)**	**A$/sh**
Kachi Lithium Project							
Train-1 (net 75%)	8%	2,696	2,022	2,722	100%	2,722	1.89
Train-2 (net 75%)	8%	2,122	1,591	2,142	100%	2,142	1.49
NPV Kachi		**4,818**	**3,550**	**4,863**		**4,863**	**3.38**
Other Lithium Assets					100%	103	0.07
-Corporate Costs	10%				100%	(40)	(0.03)
+Net Cash (+near term options)					100%	100	0.07
Equity value			**3,550**	**4,863**	**100%**	**5,026**	**3.49**

Equity value	**A$m**	5,026
Fully diluted in 2022 (m)	NoSh	1,441
DCF value Feb '22	**A$/share**	**3.49**
DCF value 12-months out	**A$/share**	**3.91**
Target Price 12-months out*	**A$/share**	**3.91**

** Prior a 25% discount was carried against the 12-month NPV to land the target price. This has now been removed.*

Note:

In above earnings Train-1 to 25kt/year is risked at 0.75xNPV & Train-2 is risked at 0.5xNPV.

As risking multiple changes so does the P&L, Cashflow and Balance Sheet.

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Low cost funding pathway opening up

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