**Lake Resources NL (ASX:LKE)**

**Buy Opportunity on Sudden Stock Dip Post CEO Departure**

(Buy Rating, $3.15 Target, $0.97 Share Price)

Lake Resources’ share price fell 28% to A$0.97/sh overnight upon news that Mr. Promnitz, the CEO, had resigned unexpectedly on Friday. While we were told that Mr. Promnitz was likely destined for a new role within LKE, the transition to a North American CEO had been in the works for about six months, and his sudden departure comes as a shock to the Board. We view this share price correction as a great investment opportunity to buy Lake Resources at a lower entry point. While CEO departures are common as firms evolve into the construction and production stage, rumors may emerge on Mr. Promnitz sudden departure. Some may wonder if there are financial de-risking issues. We suspect this is not much more than a human resources issue, perhaps with a difference in opinion on the head office location strategy. A transition process has been underway for last six months. While moving into North American markets, the Board decided to transition its corporate office into NA. With Argentine projects, Hatch in Toronto, Lilac in CA and an off-take with Ford, eliminating time-zone issues would help streamline the business.

Lake Resources has the largest land package in the Lithium Triangle with four brine projects in Argentina, including flagship Kachi. While LKE has financially de-risked Kachi through debt and off-takes, we note that the upcoming DFS and pilot plant should help on the technical front.

- Hiring is underway with a short list remaining for CEO, plus building out a non-executive high-profile and experienced board is ongoing.
- Resource update is due in mid-2022, and this would allow a FS update in Q3-Q4/22, with the goal of doubling production to 50,000 tpa LCE.
- Demo plant construction is on track for a Q3/22 start-up. Concentrate will be sent to Haizen in CO to convert to LCE.
- Ford and Hanwa discussions are progressing. A lot of interest in off-takes but no additional production is available.
- Cash is at A$150M having recently added A$62M via options.

We maintain our BUY rating and target price of A$3.15/sh. Our target price is derived using a DCF to which we now apply a higher 1.0x multiple to account for additional de-risking. **Upcoming catalysts:** 1) finalization of the Hanwa and Ford off-takes (mid/22), 2) commissioning of a demo plant (Q2/22), 3) resource update (Q3/22), 4) DFS and ESIA (Q2/22), 5) project financing (H2/22), 6) assays from the brine projects (H2/22), 7) construction decision (H2/22), and 8) production (H2/24).
June 21, 2022

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Disclosure Statement
Updated June 21, 2022

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