

Quarterly Report

For the quarter ended 30 June 2022

Report: July 2022

ASX:LKE | FRA:LK1 | OTC:LLKKF
lakeresources.com.au

Highlights

Citi and JPMorgan appointed joint coordinators for proposed debt finance of Kachi Lithium following a competitive tender process.

Discussions continue with Ford Motor Co., Hanwa Corporation under non-binding MOU's and others for offtake of lithium carbonate from Kachi Project.

Definitive Feasibility Study (DFS) continues to advance with final drafts expected toward the end of 3Q 2022, based on 50,000 tonnes per annum lithium carbonate equivalent (LCE) for the Kachi project.

Discussions continue with UK Export Finance (UKEF) and Export Development Canada (EDC) to support approximately 70% of the total finance required for Kachi's expanded production, subject to standard project finance terms.

Drilling continuing with the arrival of a second drilling rig during the quarter at Lake's 100 percent owned lithium brine projects at Olaroz, Cauchari and Paso, Argentina, to ensure multi-asset lithium expansion.

Demonstration plant arrived in Argentina and is now on site and being assembled prior to commissioning following construction of the facility housing the demonstration modules.

Lake is well-funded. Cash balance of A\$173 million (US\$120m) as at end of financial year increased due to conversion of A\$62m of options in June. The company would like to thank shareholders for their ongoing support.

LAKE RESOURCES NL

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Company Overview

Lake Resources NL (ASX:LKE OTC:LLKKF) is providing a clean solution to the delivery of high quality lithium into the battery materials supply chain powering the energy transition. Lake uses disruptive, direct extraction technology (DLE) from its partner, Lilac Solutions Inc in California (Lilac), who is earning into the flagship Kachi Project, for efficient production of high purity lithium with significant ESG benefits. No mining is involved in the brine processing.

Production from the flagship Kachi Lithium Brine Project is targeted to commence in 2024 at a rate of 50,000 tpa lithium carbonate. Kachi is indicatively financed into production with long dated low-cost project finance from the UK Export Finance and Canada's EDC for approximately 70% of the total finance required for Kachi's development, subject to standard project finance terms (ASX release 11 Aug 2021).

Lake's development plan uses a cost-effective DLE method that enables Lake to come to market quickly at significant scale with strong ESG benefits, a low carbon (CO₂) footprint, low water and low land use.

High purity battery quality lithium carbonate (99.97% purity) has been produced (ASX release 20 Oct 2020) from pilot plant modules, which performed successfully in NMC622-based lithium-ion battery test cells (ASX release 2 Mar

Operations

Lilac Demonstration Plant Delivered to Kachi Project

Lilac's demonstration plant has been delivered from California USA to the Kachi Project by Lakes' technical partner, Lilac Solutions, after extensive and successful test work. The ion exchange modules and supporting equipment were assembled for the demonstration plant in five 40 ft (12m) shipping containers. The modular design allows for a "plug and play" approach once brine feed, power and reagents are connected.

The demonstration plant is currently being assembled prior to commissioning.

The demonstration plant will operate for around 3 to 4 months to produce lithium chloride (eluate) representing 2.5 tonnes of lithium carbonate. This will be converted into high purity battery quality lithium carbonate for potential offtakers and battery qualification later in the year. Producing high purity product on site further de-risks the project for offtakers, financiers and investors. Test work in California, USA continues to produce data for the Definitive Feasibility Study and product samples for testing.

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Operations

Kachi Lithium Brine Project

Appointment of Joint Coordinators for Debt Finance

Citi and JPMorgan were appointed during the quarter as joint coordinators for the proposed debt finance of the Kachi project following an extensive and competitive tender process.

The investment banks will coordinate workstreams between lenders and third-party analysis on major project milestones including due diligence, JORC compliant definitive feasibility study (DFS) and the Environmental Social Impact Assessment (ESIA).

Discussions have continued with the UK Export Finance (UKEF), the Export Credit Agency (ECA) of the United Kingdom, and Export Development Canada (EDC), who have previously provided indicative support for approximately 70% of the total finance required for Lake's Kachi project at the expanded rate of 50,000 tpa LCE, subject to standard project finance terms. Project finance terms include, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles (ASX release 11 Aug 2021).

Drilling Continues at Kachi

Drilling continues at Kachi to reinforce prior lithium assay results extending beyond the limits of the current resource. Such drilling is aimed to support planned production targets for the Kachi Project (ASX release 15 Dec 2021). A four well diamond drill programme and an additional rotary drill programme is underway with the intention to upgrade the resource to a higher category and to expand it (ASX release 7 Jul 2021).



Figure 1: Drilling at Kachi Project; Access Road to site.

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Operations

Cauchari, Olaroz and Paso Lithium Brine Projects

Jujuy Province, Argentina

Lake owns three lithium brine projects, Cauchari, Olaroz and Paso, over 47,000 hectares in Jujuy Province in north-west Argentina. Lake aims to bring forward development of these projects to ensure multi-asset lithium expansion by drilling and testing prior to anticipated additional feasibility studies.

A second drilling rig has arrived on site to supplement the drilling program that commenced in February. Drilling is now advancing at both Olaroz and Paso projects. Assay results are expected to become available during 3Q.

The drill wells are designed as part of an accelerated program across all projects in the area to quantify brines identified, develop aquifers, and conduct pump tests with data for initial feasibility studies. Rotary wells will be followed by diamond holes. Brines will be sampled and tested with direct lithium extraction methods, similar to previous work conducted on Kachi project lithium brines.

Lake has previously confirmed multiple high-grade lithium brine zones in drilling in 2019 at the Cauchari Project (ASX release 23 Aug 2019). The higher-grade results averaged 493 mg/L lithium over 343m (from 117m to 460m), up to 540 mg/L, which are similar to lithium brines in the adjoining Ganfeng/Lithium Americas JV production development.



Figure 2: First drillhole at Olaroz Project.

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Corporate

Cash Position and Finance

Lake held cash of A\$175 million (US\$120m) as at 30 June 2022 (in AUD, USD and Argentine Pesos) with no debt.

The Company is financed through to the Final Investment Decision (FID) and construction finance phase, including the Definitive Feasibility Study (DFS) for the Kachi project.

Payments to related parties of the entity and their associates:

Amounts paid to related parties of the entity and their associates during the quarter were \$569,000. These amounts related to normal Directors fees including the salary of the former Managing Director, the fees for the Executive Technical Director for the Definitive Feasibility Study and fees for the Executive Chairman for ongoing marketing and fundraising activities.



Figures 3 & 4: Demonstration Plant

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For further information please contact:

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SCHEDULE OF TENEMENTS

TOTAL NUMBER TENEMENTS: TOTAL AREA TENEMENTS:

81

222,136 Ha

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST	PROVINCE	STATUS
OLAROSZ - CAUCHARI AREA						
	Cauchari Bajo I	2156-D-2016	354	100%	Jujuy	Granted
	Cauchari Bajo II	2157-D-2016	354	100%	Jujuy	Granted
	Cauchari Bajo III	2158-D-2016	122	100	Jujuy	Granted
	Cauchari Bajo V	2154-D-2016	946	100	Jujuy	Granted
	Cauchari West I	2160-D-2016	1936	100	Jujuy	Granted
	Olaroz Centro II	2164-D-2016	268	100	Jujuy	Application
	Olaroz East II	2168-D-2016	2072	100	Jujuy	Granted
	MASA 12	2234-M-2016	2901	100	Jujuy	Granted
	MASA 13	2235-M-2016	3000	100	Jujuy	Granted
	MASA 14	2236-M-2016	3000	100	Jujuy	Granted
	MASA 15	2237-M-2016	3000	100	Jujuy	Granted
PASO AREA						
	Paso III	2137-P-2016	2787	100%	Jujuy	Granted
	Paso VI	2140-P-2016	2208	100	Jujuy	Granted
	Paso X	2144-P-2016	1833	100	Jujuy	Granted
	MASA 9	2231-M-2016	2978	100	Jujuy	Granted
	MASA 16	2238-M-2016	2114	100	Jujuy	Granted
	MASA 17	2239-M-2016	2891	100	Jujuy	Granted
	MASA 18	2240-M-2016	3000	100	Jujuy	Granted
	MASA 19	2241-M-2016	3000	100	Jujuy	Granted
	MASA 20	2242-M-2016	3000	100	Jujuy	Granted
	MASA 21	2243-M-2016	2815	100	Jujuy	Granted
	MASA 22	2244-M-2016	1460	100	Jujuy	Application
	MASA 23	2245-M-2016	1540	100	Jujuy	Application
23 Mining leases			47579 Ha			

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TOTAL NUMBER TENEMENTS: TOTAL AREA TENEMENTS:

81

222,136 Ha

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
OTHER CATAMARCA						
	Galan Oeste	43-M-2016	3167	100	Catamarca	Granted
	Tornado VII	48-M-2016	6629	100	Catamarca	Granted
	2 Mining leases		9796 Ha			
CATAMARCA PEGMATITES						
	Petra I	Cateo 52-B-2016	10000	100	Catamarca	In Process
	Petra II	Cateo 51-B-2016	9523	100	Catamarca	In Process
	Petra III	Cateo 49-B-2016	9528	100	Catamarca	In Process
	Petra IV	Cateo 50-B-2016	8939	100	Catamarca	In Process
	CAT 1 (Petra VIII)	Cateo 93-B-2016	1000	100	Catamarca	In Process
	CAT 2 (Petra VII)	Cateo 94-B-2016	8475	100	Catamarca	In Process
	CAT 3 (Petra VI)	Cateo 95-B-2016	10000	100	Catamarca	In Process
	CAT 4 (Petra V)	Cateo 98-B-2016	10000	100	Catamarca	In Process
	La Aguada 1	Mina 116-B-2016	2499	100	Catamarca	Granted
	La Aguada 2	Mina 117-B-2016	2950	100	Catamarca	Granted
	La Aguada 3	Mina 99-B-2016	1558	100	Catamarca	In Process
	La Aguada 4	Mina 173-B-2016	2929	100	Catamarca	Granted
	La Aguada 5	Mina 172-B-2016	2866	100	Catamarca	Granted
	La Aguada 6	Mina 174-B-2016	2999	100	Catamarca	Granted
	La Aguada 7	Mina 137-B-2016	2919	100	Catamarca	Granted
	La Aguada 8	Mina 139-B-2016	1587	100	Catamarca	Granted
	La Aguada 9	Mina 138-B-2016	2607	100	Catamarca	Granted
	9 Mining leases 8 exploration leases		90,379 Ha			

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SCHEDULE OF TENEMENTS

TOTAL NUMBER TENEMENTS: TOTAL AREA TENEMENTS:

81

222,136 Ha

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
KACHI AREA						
	Kachi Inca	13-M-2016	858	100	Catamarca	Granted
	Kachi Inca I	16-M-2016	2881	100	Catamarca	Granted
	Kachi Inca II	17-M-2016	2823	100	Catamarca	Granted
	Kachi Inca III	47-M-2016	3354	100	Catamarca	Granted
	Kachi Inca V	45-M-2016	305	100	Catamarca	Granted
	Kachi Inca VI	44-M-2016	110	100	Catamarca	Granted
	Dona Amparo I	22-M-2016	3000	100	Catamarca	Granted
	Dona Carmen	24-M-2016	874	100	Catamarca	Granted
	Debbie I	21-M-2016	1501	100	Catamarca	Granted
	Divina Victoria I	25-M-2016	1266	100	Catamarca	Granted
	Daniel Armando	23-M-2016	2116	100	Catamarca	Granted
	Daniel Armando II	97-M-2016	1388	100	Catamarca	Granted
	Escondidita	131-M-2018	373	100	Catamarca	Granted
	Irene	28-M-2018	2250	100	Catamarca	Granted
	Maria Luz	34-M-2017	2425	100	Catamarca	Granted
	Maria I	140-M-2018	889	100	Catamarca	Granted
	Maria II	14-M-2016	888	100	Catamarca	Granted
	Maria III	15-M-2016	1396	100	Catamarca	Granted
	Morena 1	72-M-2016	3025	100	Catamarca	Granted
	Morena 2	73-M-2016	2989	100	Catamarca	Granted
	Morena 3	74-M-2016	3007	100	Catamarca	Granted
	Morena 4	29-M-2019	2968	100	Catamarca	Granted
	Morena 5	97-M-2017	1415	100	Catamarca	Granted
	Morena 6	75-M-2016	1606	100	Catamarca	Granted
	Morena 7	76-M-2016	2805	100	Catamarca	Granted
	Morena 8	77-M-2016	2961	100	Catamarca	Granted
	Morena 9	30-M-2016	2822	100	Catamarca	Granted
	Morena 12	78-M-2016	2704	100	Catamarca	Granted
	Morena 13	79-M-2016	3024	100	Catamarca	Granted
	Morena 15	162-M-2017	2559	100	Catamarca	Granted
	Pampa I	129-S-2013	2312	100	Catamarca	Granted
	Pampa II	128-M-2013	1119	100	Catamarca	Granted
	Pampa III	130-M-2013	477	100	Catamarca	Granted
	Pampa IV	78-M-2017	2569	100	Catamarca	Granted
	Pampa 11	201-M-2018	815	100	Catamarca	Granted
	Parapeto 1	133-M-2018	2504	100	Catamarca	Granted
	Parapeto 2	134-M-2018	1259	100	Catamarca	Granted
	Parapeto 3	132-M-2018	1892	100	Catamarca	Granted
	Gold Sand I	238-M-2018	853	100	Catamarca	Granted
39 Mining leases			74382 Ha			

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

LAKE RESOURCES N.L.

ABN

49 079 471 980

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(567)	(1,666)
(e) administration and corporate costs	(2,264)	(5,563)
1.3 Dividends received (see note 3)		
1.4 Interest received	35	36
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,797)	(7,193)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(113)	(385)
(c) property, plant and equipment	(459)	(858)
(d) exploration & evaluation	(13,097)	(21,744)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments	-	21
	(e) other non-current assets		
2.3	Cash flows from loans to other entities	65	(560)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(13,602)	(23,527)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	39,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	75,517	136,093
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(66)	(433)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	75,451	174,660

4.	Net increase / (decrease) in cash and cash equivalents for the period	29,119	114,007
4.1	Cash and cash equivalents at beginning of period	111,497	25,657
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,797)	(7,193)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13,602)	(23,527)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	75,451	174,660

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	4,589	5,542
4.6	Cash and cash equivalents at end of period	175,139	175,139

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	175,139	111,497
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	175,139	111,497

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	569
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Amounts shown at 6.1 and 6.2 relates to fees/salaries (including superannuation) paid to directors during the quarter

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)	250,000	
7.4	Total financing facilities	250,000	
7.5	Unused financing facilities available at quarter end		206,200
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>The Company entered into a Controlled Placement Agreement (also referred to as an At-The-Market (ATM) facility) (the Agreement) in August 2018 with Acuity Capital Pty Ltd, which was later extended to 31 January 2023. In addition, the Company has agreed with Acuity Capital to increase the facility size from \$80 million to a new limit of \$250 million to better reflect the higher market value of the Company. The Company has now utilised the facility to raise a total of \$43.8m, including \$39 million announced 7 Mar 2022, and the remaining standby equity capital available under the ATM is \$206.2 million. There are no requirements on the Company to utilise the Agreement and it may terminate the Agreement at any time, without cost or penalty.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,797)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(13,097)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(15,894)
8.4	Cash and cash equivalents at quarter end (item 4.6)	175,139
8.5	Unused finance facilities available at quarter end (item 7.5)	206,200
8.6	Total available funding (item 8.4 + item 8.5)	381,339
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	23.99
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: n/a	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: n/a	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.