

ASX & OTC ANNOUNCEMENT

6 October 2022

Lake Resources and WMC Energy execute Conditional Framework Agreement involving a 10 percent strategic investment in Lake Resources and offtake for up to 25,000 metric tons per annum (mtpa) battery grade lithium (LCE) from Kachi Project

- **Offtake of up to 25,000 tonnes per annum of battery grade lithium from the Kachi Project.**
- **WMC Energy to acquire 10 percent of Lake underpinning the development of a Clean Lithium Supply Chain to meet the global environmental demands for electric vehicles particularly in Europe and North America.**
- **Continued de-risking of the project for financiers and investors.**

Clean lithium developer Lake Resources NL (ASX: LKE; OTC: LLKKF) (Lake) announces that it has entered into a Conditional Framework Agreement (CFA) with WMC ENERGY B.V. (WMC) for the offtake of up to 25,000 mtpa of battery grade lithium from the Kachi Project and a 10 percent investment by WMC in Lake.

The key terms of the CFA are as follows:

- A 10 percent investment in Lake at AUD1.20 per share to support the realization of the Kachi Project;
- Offtake of 50 percent of Kachi project lithium product up to 25,000 mtpa of LCE;
- An initial offtake term of ten years with an option to extend the term with an additional five years;
- Offtake to be priced on an agreed market price formula based upon the average quoted price in the quotational applying a discount.

The CFA is subject to a standard set of conditions being achieved by Lake Resources including: finalization of the Definitive Feasibility Study (DFS); the performance of Lilac's demonstration plant; due diligence by WMC; and the LCE meeting the applicable product specifications.

The CFA becomes unconditional upon the satisfaction of said conditions precedent.

Stu Crow, Lake's Executive Chairman, states: "The CFA delivers a long-term strategic alignment with WMC and its supply chain into its European and North American customers."

"WMC Energy has a track record of being a market leader in nuclear fuels and expanded into battery materials including lithium to serve predominantly the US and European lithium-ion battery supply chain for EVs with their strategic needs", Mr. Crow continues.

The agreement strengthens Lake's long term shareholder base and adds to the equity component required for drawdown of debt facilities for project development.

Lake's new CEO and MD David Dickson states that the CFA cements the ability of Lake to scale up the production of LCE in an environmentally friendly fashion and offers partners like WMC an opportunity to participate in Lake's other projects. As Lake moves to develop these adjacent projects, a growing supply of high-quality lithium products becomes available to WMC and its partners and customers across the US and Europe.

"Increasing customer and consumer scrutiny around the environmental and ethical credentials of lithium projects particularly from the European markets drives our focus on sustainable extraction," Mr Dickson said.

"WMC is excited to support Lake Resources in its endeavours to make the Kachi Project a success. The engagement under the CFA will help Lake Resources expand its downstream footprint across the European and North American lithium-ion battery supply chain, enabling Lake to optimally benefit from the anticipated growth in demand for battery materials like lithium carbonate across these markets," states Amrish Ritoe, Director Corporate Business Development for WMC's battery materials team.

Mr. Ritoe continues: "With our extensive network in Europe and North America, we are well positioned to create a partnership with Lake and others that will help Lake to accelerate the development of the Kachi Project."

WMC has consented to this market release. Lake will update the market on progress on the implementation of the CFA with WMC as soon as it is able to do so.

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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 has currently earned in to 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 pre-tax, 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 UKEF and EDC respective approvals, to standard project finance terms, including satisfactory completion of the DFS, ESIA and offtake arrangements (refer ASX announcements 11 August 2021; 28 September 2021).

6. Offtake Committed under CFA:

A conditional binding agreement for approximately 25,000 tonnes per annum of lithium (LCE) from the Kachi Project has been signed under the binding CFA with WMC Energy:

- A capital commitment to subscribe 10 percent of Lake to support the roll-out of the Kachi Project
- Offtake of 50 percent of Kachi project lithium product up to 25,000dmt (LCE)
- Initial ten-year term plus option for a further five years
- Offtake to be priced on an agreed market price formula based upon the average quoted price in the quotation period.
- The CFA becomes unconditional upon the satisfaction of conditions precedent:
 - o Successful DFS being released
 - o Lilac Demonstration Plant having successfully operated for a certain period of time, producing certain volumes
 - o Successful and satisfactory completion of due diligence by WMC Energy
 - o Formal agreements, regulatory approvals and ASX waiver

An innovative direct extraction technique, based on a well-used ion exchange water treatment method, has been tested for over 2 years 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 grade lithium carbonate were tested in a NMC622 battery by Novonix with excellent results (2 March 2021).

In ASX announcement 19 September 2022, Lake confirmed that construction of the facility to house the Lilac demonstration plant at Kachi is now complete. Dry commissioning of the demonstration plant commenced on September 14 2022. Wet commissioning of the plant commenced recently. Once wet commissioning is complete, Lilac expects to begin onsite processing of Kachi brines in the first week of October 2022. Whilst the test program is based on operating the demonstration plant for 1,000 hours it is anticipated that the first 2,000 litres of lithium concentrate produced from the demonstration plant will be sent for conversion into Lithium Carbonate once delivered. Lake proposes that this final lithium product will then be qualified by a tier 1 battery maker to validate product specifications.

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 Allkem's (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). Drilling commenced on the Olaroz leases in February 2022. For more information on Lake, please visit <http://www.lakeresources.com.au/home/>.

About WMC Energy

WMC Energy was incorporated in 2016 in Amsterdam, originally to provide supply chain solutions in the nuclear fuel industry. In 2021, Sprott Asset Management selected WMC Energy to be the physical manager of the Sprott Physical Uranium Trust. With the help of WMC Energy's uranium trading team, the trust grew from US\$600 million at IPO inception in 2021 to almost US\$3 Billion in total Net Asset Value today.

In 2020, WMC expanded into the battery materials sector by offering fixed price forward sales solutions and through the development of project financed physical asset in the lithium-ion battery material space under its *Liminal* brand. Liminal is focused on the production and supply of battery materials like lithium hydroxide and nickel sulfate.

In addition to its own physical asset developments WMC Energy actively pursues greenfield and brownfield mining related physical offtake agreements, from time to time connected with facilitative capital investment.

For more information on WMC, please visit: <https://www.wmc-energy.com/>