



LAKE RESOURCES

LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

28 February 2019

U.S. FINANCIAL BACKING TO ADVANCE LAKE RESOURCES KEY PROJECTS

- **\$1.65 million financing with the option to increase funding to \$5 million completed with a North American investor**
- **Funding to advance PFS at Kachi while delivering positive exploration results at Cauchari.**

Lake Resources NL (ASX: LKE) (Company) is pleased to confirm a funding boost to drive the development of the Company's key lithium projects in Argentina.

A \$1.65 million financing package was completed via the issue of unsecured convertible securities ("Securities") to a North American investor, with its head office in New York, that has been a strong supporter of new energy projects and the resources sector. Additionally, Lake has the option to increase the size of the facility up to \$5 million. Amvest Capital Inc (acting through Mann Mann Jensen Partners LP) served as North American placement agent to the financing.

The initial funds received from the issue of the Securities will be used by the Company primarily towards advancing the PFS at Kachi, accelerating the drilling at the Cauchari project, and working capital. Further funding will be used for drilling at the Olaroz project. Separately some of the Company's December 2018 Notes may be retired.

This financing forms part of the Company's longer-term strategy of securing support from North American investors to advance and validate the Company's Argentinian lithium projects. The funding support will enable the Company to complete the pre-feasibility study (PFS) at its Kachi Lithium Brine Project while also ramping up drilling activities at the highly prospective Cauchari and Olaroz projects. Progressing the PFS at Kachi is a priority as the project is considered one of the top 10 global lithium brine resources and is one of the last 100% owned lithium brine basins not yet subject to an agreement with a strategic partner or offtake arrangement.

Welcoming the investor support, Lake's Managing Director, Steve Promnitz said: "Lake looks forward to advancing the flagship Kachi project, thanks to this funding; ramp up drilling at Cauchari and Olaroz, a basin with existing lithium operations. Both have great potential, and we anticipate a steady flow of news on both projects. This funding facility gives us the certainty to fund these two important projects and maximize their value. Lithium demand projections continue to expand while supply constraints affect major producers so that new projects such as Lake's will be crucial in meeting the anticipated supply gap."

Lake announced a resource of 4.4 million tonnes lithium carbonate equivalent (LCE) in November 2018 (refer ASX announcement 27 November 2018). Following the release of the resource statement, a Phase 1 engineering study by Lilac Solutions was completed which showed the potential for lowest quartile operating cash costs of US\$2600/tonne LCE (+/-30%) using ion exchange direct extraction method to concentrate brines, followed by conventional lithium carbonate processing. Lake plans to aggressively ramp up drilling activity and the capability of its contractors at the Cauchari and Olaroz leases immediately. These leases adjoin producing brine basin that likely extends into Lake's territories. As previously reported by Orocobre/Advantage Lithium, drill results close to the lease boundary encountered up to 611mg/L lithium with high flow rates from a deeper sand unit.

As the Securities will only be issued to a sophisticated and professional investor, the Company does not currently intend to publish a prospectus or other disclosure document about the Notes. The Company will utilise its available capacity to issue equity securities under ASX Listing Rule 7.1 for the issue of the Securities.

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A summary of the key terms of the Securities are set out below:

Issuer:	Lake Resources N.L. ACN 079 471 980.
Type and class of securities:	The Securities constitute direct, unsubordinated and unsecured debt obligations of the Issuer.
Quotation:	The Securities will be unlisted and accordingly, will not be quoted on ASX.
Conditions:	The obligations of the Investor to subscribe for the securities and advance the funds are subject to the satisfaction of a number of conditions, including but not limited to: <ul style="list-style-type: none"> (a) the Company having existing placement capacity or obtaining shareholder approval for the issue of the Securities; (b) in respect of the Second Investment Amount only, the Company having converted or repaid 75% of the First Investment Securities; and the parties agreeing to the number of Second Investment Securities to be issued.
Funded Amount:	Up to A\$5,000,000 in total. First Investment Amount- \$1,655,000 Second investment Amount - \$500,000 up to \$3,345,000.
Face Value:	The Securities will be issued with a Face Value of \$1.00
Status and Ranking:	The Securities rank equally amongst themselves and at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer.
Negative Pledge:	The Securities will have the benefit of a negative pledge as regards the encumbrance of its present and future assets or revenues. Security may be granted where the Company obtains the prior consent of the Investor or grants security to the Investor on equal terms with any new security interest (Negative Pledge). The Investor may elect for the Securities to be repaid in part where the Company intends to enter into arrangements such as incurring any debt in excess of that existing at the issue date, for more than \$300,000, materially changing or ceasing to carry on its business.
Transfer:	The Securities are initially non-transferrable, except to other Sophisticated Investors or Professional Investors (within the meaning of the Corporations Act). The Issuer may, at its discretion, issue a prospectus pursuant to section 713 of the Corporations Act to facilitate further transferability of the Securities.
Conversion:	The Securities may be converted into fully paid ordinary shares in the Issuer (Shares) within 5 Business Days of receipt of a conversion notice from the Investor The Securities will be Converted in accordance with the following formula: Number of Shares = ARA / Conversion Price Where: ARA means the aggregate of the Repayment Amount of the Convertible Security being converted by the Investor, plus any accrued (but unpaid) Interest which is due and payable on the Conversion Date. Conversion Price means 90% of three VWAP's of the Shares selected by the Investor for the 20 Trading Days ending on the date of the Conversion Notice.
No Shorting:	The Investor will not, and will cause its affiliates not to, engage in shorting of the Company shares while the Convertible Securities Agreement is in place.
First Investment Amount	
Interest Rate:	The Securities issued under the First Investment Amount attract interest at 15% per annum, compounded monthly, payable quarterly in advance in cash.
Maturity Date:	The Securities will mature on the date that is 18 months from their date of issue.
Options:	The Investor will initially be issued 5,555,000 options exercisable at \$0.09 in connection with the First Investment Amount.
Second Investment Amount	

Second investment:	A further \$500,000 up to \$3,345,000 of unsecured convertible securities may be offered to the Issuer subject to certain conditions and mutual agreement.
Maturity Date:	12 months from the date of issue of the Securities
Options:	The number of Options equal to 50% of the Second Investment Amount priced at 120% of the market price of the Company's Shares before the issue of the second Investment Securities.

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About Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake)

is a lithium exploration and development company focused on developing its three lithium brine projects and hard rock project in Argentina, all owned 100%. The leases are in a prime location among the lithium sector's largest players within the Lithium Triangle, where half of the world's lithium is produced. Lake holds one of the largest lithium tenement packages in Argentina (~200,000Ha) secured in 2016 prior to a significant 'rush' by major companies. The large holdings provide the potential to provide consistent security of supply demanded by battery makers and electric vehicle manufacturers.

The Kachi project covers 69,000 ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project in Catamarca Province. Drilling at Kachi has confirmed a large lithium brine bearing basin over 20km long, 15km wide and 400m to 800m deep. Drilling over Kachi (currently 16 drill holes, 3100m) has produced a maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt and Inferred 3.4Mt) within a 8-17 Mt LCE exploration target (refer ASX announcement 27 November 2018).

A direct extraction technique is being tested in partnership with Lilac Solutions, which has shown 80-90% recoveries and lithium brine concentrations in excess of 15000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast at US\$2600/t LCE in the lowest cost quartile. This process is planned to be trialled on site in tandem with conventional methods as part of a PFS to follow the resource statement. Scope exists to unlock considerable value through partnerships and corporate deals in the near term.

The Olaroz-Cauchari and Paso brine projects are located adjacent to major brine projects either in production or being developed in the highly prospective Jujuy Province. The Olaroz-Cauchari project is located in the same basin as Orocobre's Olaroz lithium production and adjoins Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium (600 mg/L) with high flow rates drilled immediately across the lease boundary.

Two drill rigs are currently drilling at Cauchari with results anticipated to extend the proven resources in adjoining properties into LKE's area with results anticipated from November into December 2018. This will be followed by drilling extensions to the Olaroz area in LKE's 100% owned Olaroz leases.

Significant corporate transactions continue in adjacent leases with development of Ganfeng Lithium/Lithium Americas Cauchari project with Ganfeng announcing a US\$237 million for 37% of the Cauchari project previously held by SQM. Nearby projects of Lithium X were acquired via a takeover offer of C\$265 million completed March 2018. The northern half of Galaxy's Sal de Vida resource was purchased for US\$280 million by POSCO in June 2018. LSC Lithium is under offer for C\$111 million with a resource size half of Kachi. These transactions imply an acquisition cost of US\$55-110 million per 1 million tonnes of lithium carbonate equivalent (LCE) in resources.

The demand for lithium continues to be strong for lithium ion batteries in electric vehicles, according to recent data from the leading independent battery minerals consultant, Benchmark Mineral Intelligence. Supply continues to be constrained suggesting good opportunities for upstream lithium companies.