

### QUARTERLY REPORT ENDING 30 JUNE 2019 LAKE RESOURCES NL ASX:LKE

23 July 2019

**Lake Resources N.L.**  
**ASX:LKE**  
ABN 49 079 471 980

Shares on Issue:  
478,237,975

Options Unlisted:  
5,052,083 (5c, Oct'19)  
5,555,000 (8c, Feb'22)  
9,500,000 (28c, Dec'20)

Unsecured Notes:  
2,500,000 (25 Jun'20)  
(Being retired - In process)  
410,000 (expiry Aug'20)

Market Capitalisation:  
\$30.6 million (@6.4c)

Share Price Range:  
\$0.045 – 0.15 (12mth)

Cash (30 June 2018):  
\$1.8 million

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#### HIGHLIGHTS

- **Discovery of multiple lithium brines over a 288m interval at Cauchari Lithium Brine Project, with results from 340 – 548 mg/L lithium as hole continues with further results awaited.**
- **Results are consistent with similar results from the adjoining large scale projects advancing towards production including Ganfeng/Lithium Americas (NYSE:LAC).**
- **Pilot plant nearing construction for the Kachi Project using direct lithium extraction process of Lilac Solutions, expected to produce a premium low impurity product at low cost as demonstrated in Phase 1 Engineering Study 2.**
- **Pre-Feasibility Study (PFS) advancing at the Kachi Lithium Brine Project, with Top 10 global lithium brine resource with 1.0 million tonne Indicated lithium carbonate (LCE) JORC Resource and 3.4 million tonne Inferred resource 1.**
- **First drilling planned for Olaroz following drilling at Cauchari, after more than 3 years permitting.**
- **Investor support provided through the conversion of bonus options and a placement in June.**
- **Lithium demand continues to rise amid growing prospects of near-term supply deficit, as analysts including Macquarie turn from bears to bulls.**

**LAKE RESOURCES N.L.  
QUARTERLY REPORT ENDING 30 JUNE 2019**

Lake Resources NL is an exploration and development company with one of the largest lithium lease holdings in Argentina in the heart of the Lithium Triangle, with over 200,000 hectares comprising four prime lithium projects, namely three brine and one hard rock project.

The Cauchari and Olaroz Projects in Jujuy Province are being drilled for the first time, adjoining production at the major Orocobre project and pre-production at the Ganfeng/Lithium Americas project. Drilling at Cauchari has demonstrated extensions of lithium brine bearing aquifers into Lake's properties from the latter, which is progressing rapidly to production next year.

The Kachi Lithium Brine Project has progressed its pre-feasibility study (PFS) for the maiden Kachi resource of 4.4 million tonnes lithium carbonate (LCE) within consolidated mining leases of 70,000 hectares over almost an entire salt lake. A pilot plant has been designed and is nearing construction for Kachi using the direct lithium extraction process of Lilac Solutions, which will produce a premium low impurity product at low cost as demonstrated in the Phase 1 Engineering Study.

Lake continues discussions with a number of parties regarding production development funding and partnership at its Kachi project, together with a feasibility study, likely to follow from the PFS.

The Catamarca Pegmatite Lithium Project, comprising 80,000 hectares is at an early exploration stage and comprises large pegmatite swarms over an area of past production within a 150km long belt.

While current market sentiment has been mixed, analysts are increasingly pointing towards a growing supply deficit by the early 2020s, requiring new projects such as Lake's to satisfy growing demand.

**OPERATIONS****Cauchari and Olaroz Lithium Brine Projects - Jujuy Province, Argentina**

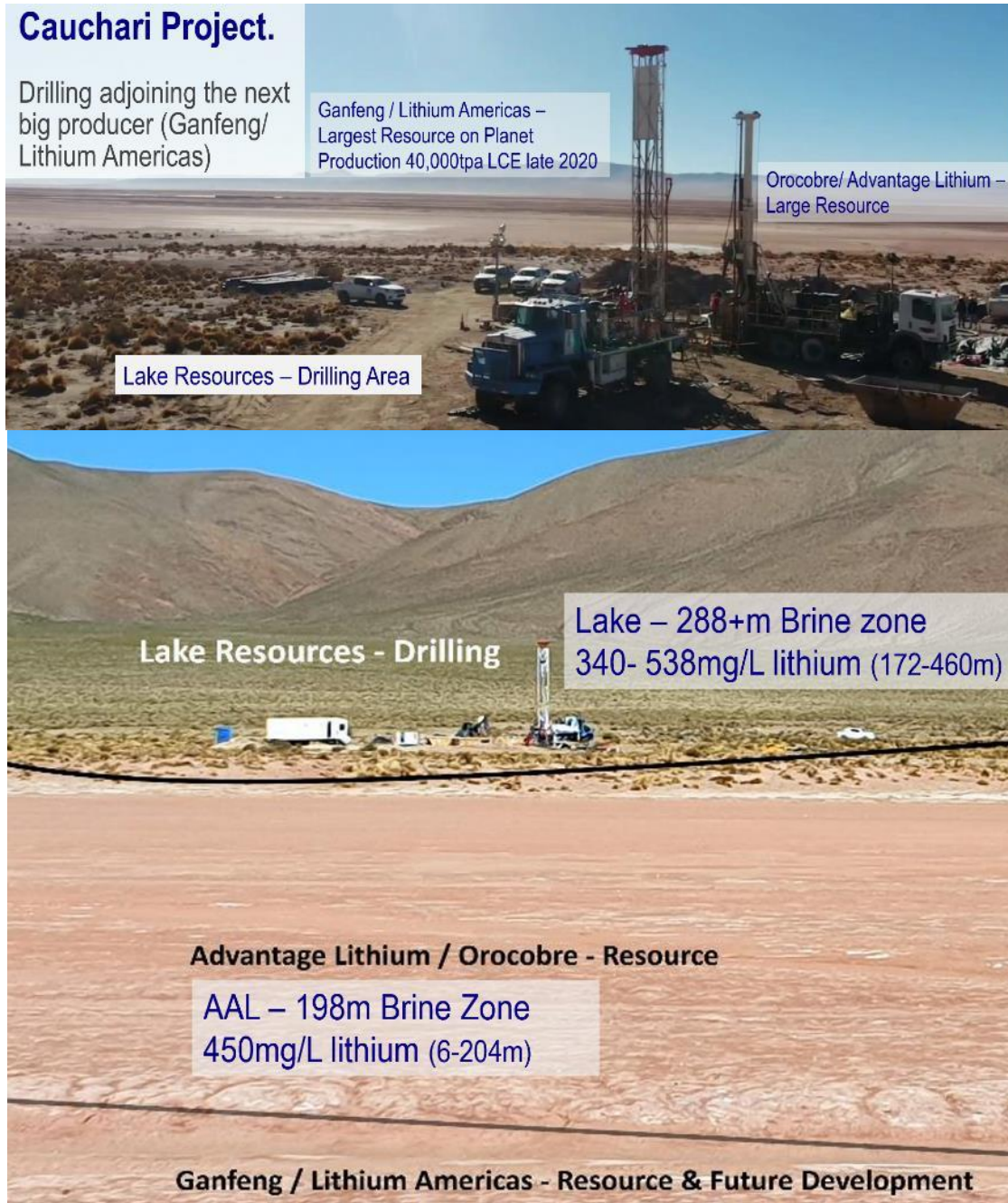
Lake holds mining leases over ~45,000 hectares in two areas in Jujuy Province in NW Argentina, both 100% owned by Lake. Drilling access to commence drilling was granted some months ago at Lake's Cauchari Project.

Discovery of multiple lithium brines over a 288m interval (172m – 460+m depth) was announced in July at Lake's Cauchari Lithium Brine Project. Results from 340 to 538 mg/L lithium with high flows were returned with best results at the base of hole of 496 mg/L lithium over 73m to a depth of 460m with low Mg/Li ratios of 2.7-3.0. Drilling is continuing and further results are awaited.

Brine zones confirm continuity from similar lithium brines in adjoining world-class major projects (500m away) progressing to production from next year at Ganfeng Lithium/Lithium Americas (NYSE:LAC) and at Orocobre/Advantage Lithium. These enhance the potential for future production on Lake's leases. Results from the nearest drillhole at the Orocobre (ASX:ORE)/Advantage Lithium (AAL.TSXV) joint venture show a 198m brine zone interval (6-204m depth) with 450 mg/L lithium.

The objectives of the drilling have been successfully achieved by demonstrating the extension of the adjoining resource into Lake's properties, and that Lake is drilling in the same basin. The adjoining resource was doubled in size in April to become the largest in the world. Ganfeng paid a further US\$160 million in April to increase its

stake to 50% in the Cauchari project of Lithium Americas, after paying US\$237 million last August to acquire a position of 34%. Planned production was increased from 25,000 tpa LCE to 40,000 tpa LCE scheduled for late next year.



**Figure 1: LKE’s drill operations at Cauchari in relation to Advantage Lithium/Orocobre & Ganfeng/Lithium Americas leases.** (Note: The marked boundaries are indicative only. Please refer to the detailed map).

Since Cauchari is immediately adjacent to a production project, and results have shown it to be an extension of that project, a decision was made to use the same strategy at Olaroz next with the same drill rig and a similar exploration model.

Drilling for the first time on Lake’s leases at Olaroz will follow the current drilling at Cauchari, probably in early August. At Olaroz, which is north of Cauchari, Lake’s leases extend over 30 kilometres east and north of the

adjoining Orocobre’s Olaroz lithium production leases. Given the favourable results at Cauchari, there is an opportunity to repeat that success at Olaroz over a large area, which would provide a third advanced project at Olaroz, adding to Cauchari and the world-class Kachi project.

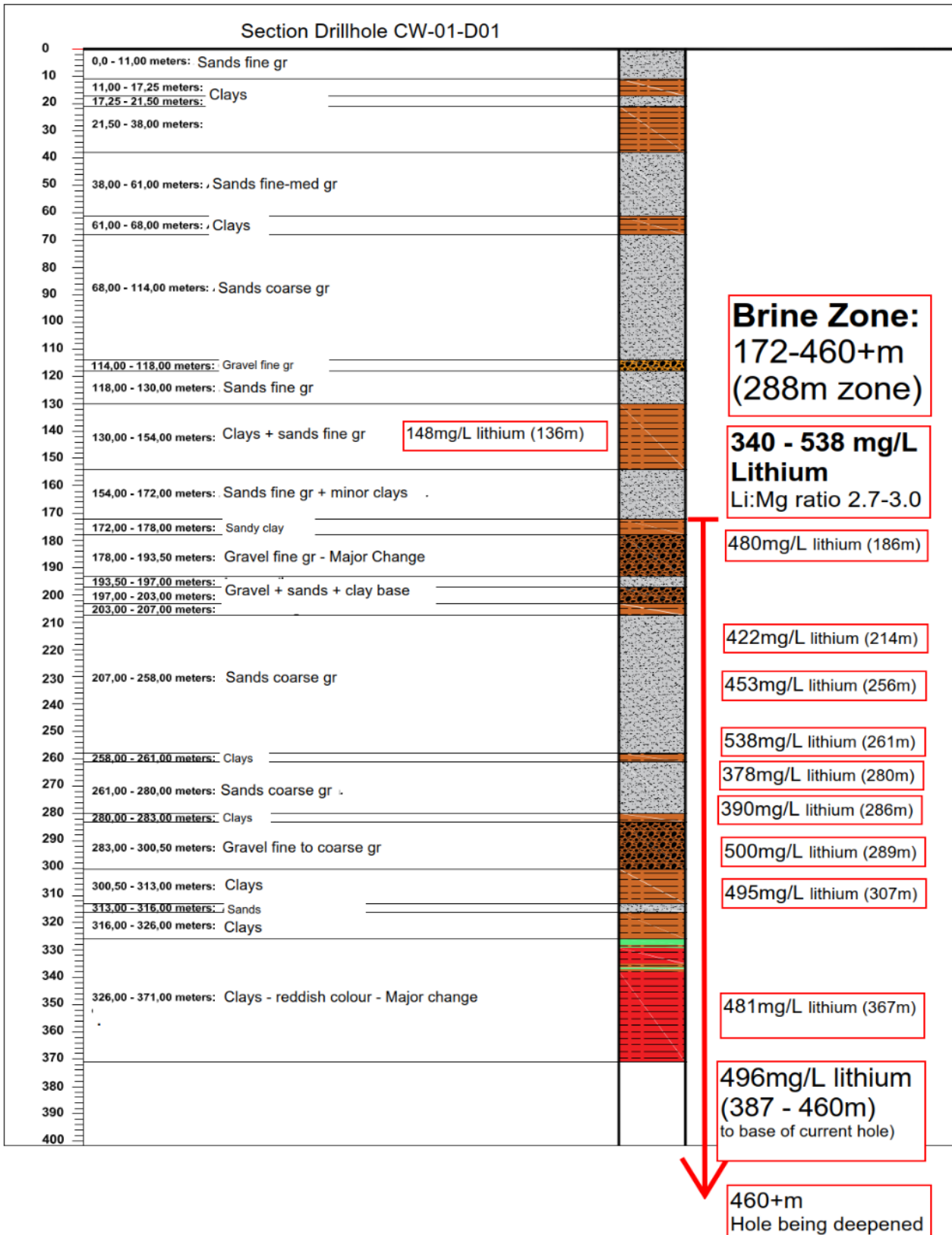


Figure 2: Section of drillhole at Cauchari with the 288m brine zone, results and geological comments on stratigraphy.

## Kachi Lithium Brine Project - Catamarca Province, Argentina

### Summary

Lake Resources' 100%-owned Kachi Lithium Brine Project in Catamarca province, NW Argentina, covers 37 mining leases (70,400 hectares), centred around a previously undrilled salt lake within a large lithium brine-bearing basin. Kachi is one of the few salt lakes in Argentina with substantial identified lithium brines fully controlled by a single owner. A further lease was added during the quarter to consolidate the area.

A Pre-Feasibility Study (PFS) is well advanced for the Kachi Project, on track for delivery before calendar year-end. An international engineering firm, Hatch, is overseeing the PFS. This study is examining the project's technical and economic viability, including both conventional processing and direct extraction methods, project engineering design, product specifications, optimisation of recovery, and operating and capital costs.

The Kachi Project has a maiden JORC Mineral Resource estimate of 4.4 million tonnes of contained Lithium Carbonate Equivalent (LCE) as 1 Mt LCE Indicated resource, and 3.4 Mt of LCE as Inferred resource, with a resource depth of 400m at an average grade of 211 mg/L lithium and Mg/Li ratio of 4.7. This is within the top 10 lithium brine projects globally and of a similar size to major lithium brine producers in Argentina and Chile, based on recent third party comparisons. Brine-bearing sediments remain open at depth and laterally, with the opportunity for resource expansion through additional deeper drilling and extending the exploration footprint.

A pilot plant has been designed and is nearing construction for Kachi, using a direct extraction process with technology partner Lilac Solutions, due to the successful Phase 1 Engineering Study completed in December 2018 which showed high quality, low impurity lithium carbonate with potential for lithium production costs to be US\$2600/tonne (+/-30%), in the lowest quartile of the cash cost curve.

High lithium recoveries of 85-90% were confirmed from multiple brine samples, with lithium concentrations of 25,000 mg/L to 60,000 mg/L produced from ~300 mg/L lithium brine. An on-site pilot plant would be a precursor to full-scale commercial project offering rapid, low-cost production with low environmental impact.

Lake is currently in discussions with a number of parties regarding production development funding and partnership at its Kachi project and to assist financing the feasibility study that is likely to follow from the PFS.

The Kachi Project covers the lowest point (~3000 m altitude) of a large drainage area of over 6,800 square kilometres, sourcing lithium from acid volcanics of Cerro Galan, which is interpreted to also provide the lithium for at the Salar de Hombre Muerto. This large drainage covers the areas immediately south of Livent's Hombre Muerto Lithium brine operation (NYSE:LTHM) which is Argentina's longest operating lithium brine project and Galaxy Resources (GXY.ASX) Limited's Sal de Vida lithium brine project. It is also close to Albemarle Corp's Antofalla lithium potash brine development project.

The Company has completed 15 rotary and diamond drill holes (3150m) to depths up to 403m into the Kachi lithium brine-bearing sediments. Consistent results have been delivered, with highest grades to date from the most recent drill-hole K08R14 averaging 326 mg/L lithium with low impurities and low average Mg/Li ratio of 3.7 (3.4 – 4.8).

**Catamarca Lithium Pegmatite Project - Catamarca Province, Argentina**

The Company has lease holdings and applications over 80,000 hectares of outcropping pegmatites with lithium potential within Catamarca Province in NW Argentina (Figure 14). Exploration is still at an early stage over a 150 kilometre-long belt which favourably hosts significant lithium mineralisation as spodumene in large pegmatite swarms, with prior small scale production.

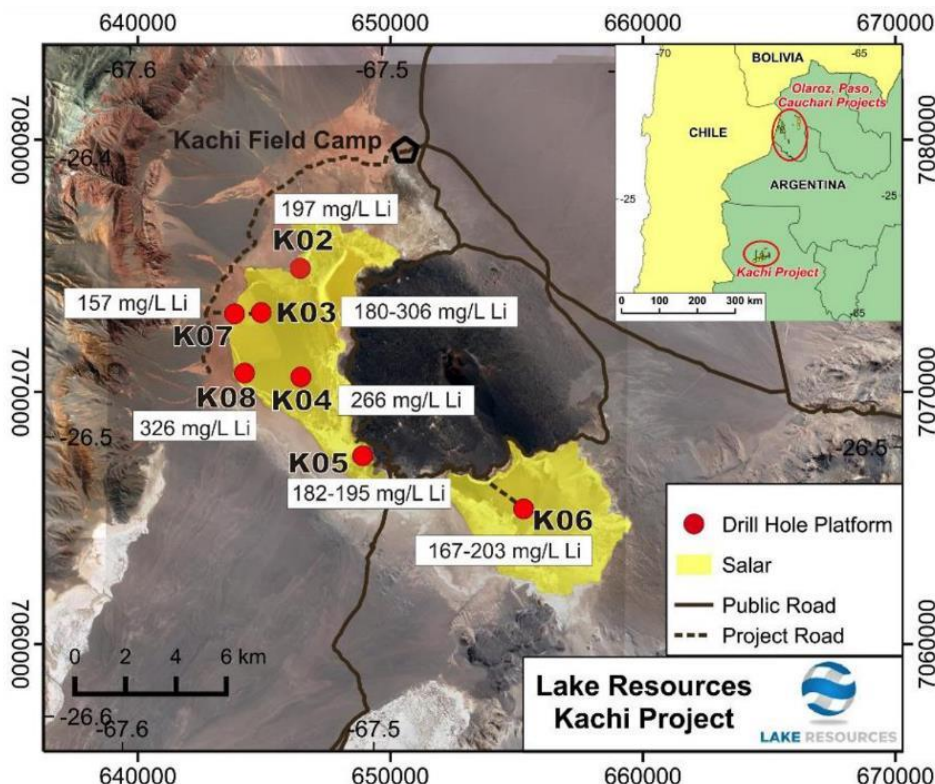


Figure 3. Kachi Lithium Project showing drilling locations and details of the drilling platforms with averaged lithium concentrations for each drill hole.

**Direct extraction.**

**Ion exchange**

Lilac Solutions (Silicon Valley backed)

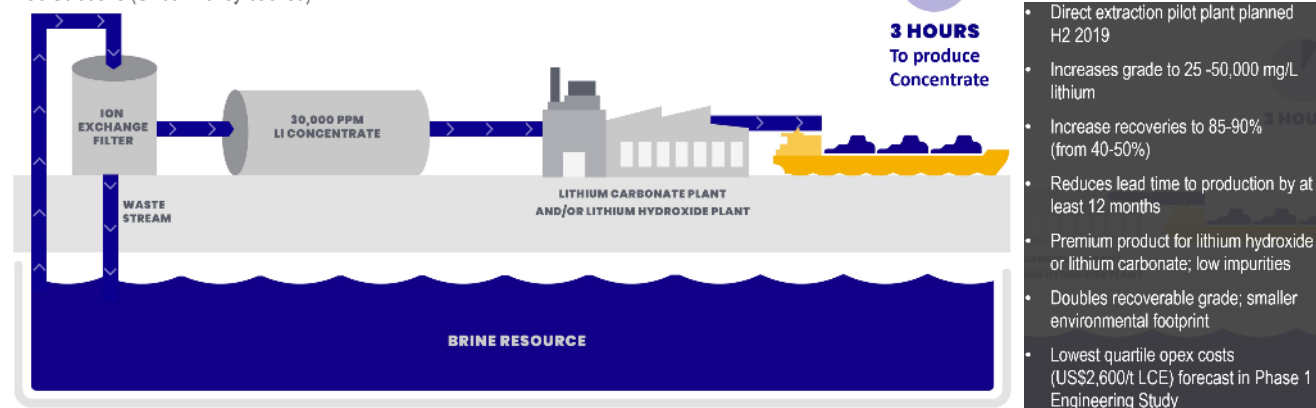


Figure 4. Lilac Solutions direct extraction process for lithium from brines using ion exchange.

## CORPORATE

### Cash Position

Lake held cash of \$1.8 million as at 30 June 2019 (in AUD, USD and Argentine Pesos).

In June, A\$2.6 million, before costs, was raised in a private placement to sophisticated and professional investors. The Company issued 29,835,845 new fully paid ordinary LKE shares at \$0.09 cents per share. Funds raised through the Placement will be used primarily for further drilling at Lake's Cauchari Project. Each share had an attached option exercisable at A\$0.10 (expiry June 2021) subject to shareholder approval at General meeting of shareholders to be held on 15 August 2019.

Bonus Options of 37,594,764 were converted into shares at an exercise price of \$0.04 each from a total pool of 52,045,081 options that were issued in late April for nil consideration to Eligible Shareholders at a ratio of one (1) free Bonus Option for every seven (7) shares held on the Record Date of 17 April 2019. Converted Bonus Options have an attached second option (Additional Options) and each Additional Option will have an exercise price \$0.10 each, expiring on 15 June 2021.

A\$0.41 million remains of a A\$1.65 million unsecured convertible security (410,000 securities; expiry Aug 2020) with Amvest Capital, a US-based investor.

A\$250,000 (plus interest), or 2,500,000 Notes, remain to be retired of the original 9,900,000 unsecured convertible notes issued in December 2018 for a value of \$990,000 with an expiry date of 25 June 2020.

### Capital Structure

Lake has 478,237,975 shares on issue as at 22 July 2019.

Unlisted options include 5,052,083 options with an exercise price of \$0.05 (expiry 21 October 2019), 5,555,000 options with an exercise price of \$0.08 (expiry Feb 2022) and 9,500,000 unlisted options with an exercise price of \$0.28 (expiry 31 December 2020).

Unsecured Notes include 2,500,000 notes (expiry 25 Jun'20) which are being retired and 410,000 unsecured notes (expiry Aug 2020).

### Outlook

The focus in the coming quarter will be:

#### **Olaroz-Cauchari Lithium Brine Projects - Jujuy Province**

- Final results from the discovery hole at Cauchari.
- The initiation of drilling at Olaroz.

#### **Kachi Lithium Brine Project - Catamarca Province**

- Pre-Feasibility Study progress
- An update on construction and delivery of the pilot plant

### Market Sentiment

While current market sentiment has been mixed, analysts including Benchmark Mineral Intelligence are pointing towards a major supply deficit by the early 2020s, amid growing demand from electric vehicles and other users of lithium-ion batteries.

According to Benchmark Mineral Intelligence, lithium supply has to increase at a 19% CAGR over the next six years simply to meet projected 2025 demand. Even at the height of the market, the industry only managed an 11% annual growth rate from 2015 to 2018.

As the analyst report notes: “The question in the lithium market is no longer whether spodumene or brine resources will be developed – both are needed to take us anywhere near the growth estimates of the next 2-3 years. The new question is what other channels of supply will be developed to take us close to the demand forecasts for 2025 and beyond.”

Other analysts have also acknowledged the oversupply myth, with Macquarie recently changing from a bear to a bull on global automakers’ push into electric vehicles. For example, German automaker Volkswagen plans to buy more than US\$56 billion of lithium-loaded battery cells, while Toyota expects half its global sales to comprise EVs by 2025.

While prices have dipped in the short term, the medium to longer-term lithium outlook appears extremely attractive, particularly given Lake’s focus on the Lithium Triangle, home to the world’s lowest cost lithium production.

**For further information, please contact:**

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Footnotes:

(\*1): Kachi Mineral Resource Statement in ASX market release titled “Large Maiden 4.4mt LCE Resource Estimate for Kachi Project” on 27 November 2018.

(\*2): Phase 1 Engineering Study in ASX market release titled “Lilac Extraction Process Shows Potential For High Lithium Recoveries At Lowest Quartile Costs At Kachi” on 10 December 2018.

**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, scalable as required, which is 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) (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 25000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast at US\$2600/t LCE in the lowest cost quartile (refer ASX announcement 10 December 2018). This process will be trialled on site with a pilot plant in tandem with conventional methods as part of the PFS underway. Discussions are advanced with a number of downstream entities, mainly battery makers, to jointly develop the project.

The Olaroz-Cauchari and Paso brine projects are located adjacent to major world class 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.



The Cauchari project has shown high grades and high flow rates from a series of horizons over 288 metres, with up to 538 mg/L lithium, similar to lithium brine horizons announced from adjoining pre-production areas under development. Results provide confirmation of the continuity of lithium bearing horizons from adjoining world-class major projects (refer ASX announcements 28 May, 12 June 2019). The Olaroz project is planned to be drilled for the first time in LKE’s 100% owned Olaroz leases as soon as drilling is completed at Cauchari.

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, followed by a further US\$160 million to increase Ganfeng’s equity position to 50% on 1 April 2019, together with a resource that had doubled to be the largest on the planet. Ganfeng then announced a 10 year lithium supply agreement with Volkswagen on 5 April 2019. 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-Dec 2018. LSC Lithium was acquired in Jan-Mar 2019 for C\$111 million by a mid-tier oil & gas company 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.

For more information on Lake, please visit <http://www.lakeresources.com.au/home/>

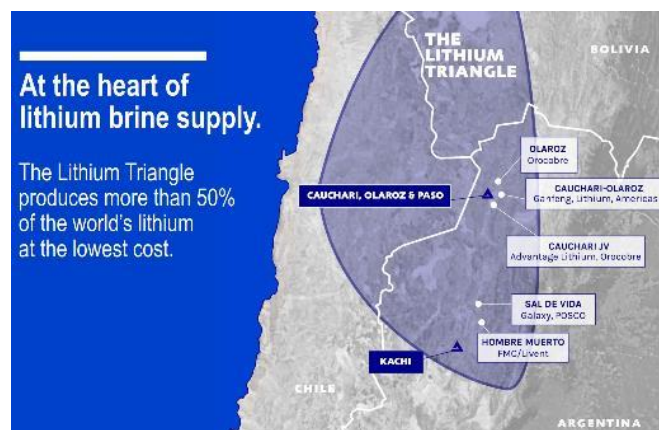


Figure 4: Location map of Lake Resources lithium projects in NW Argentina

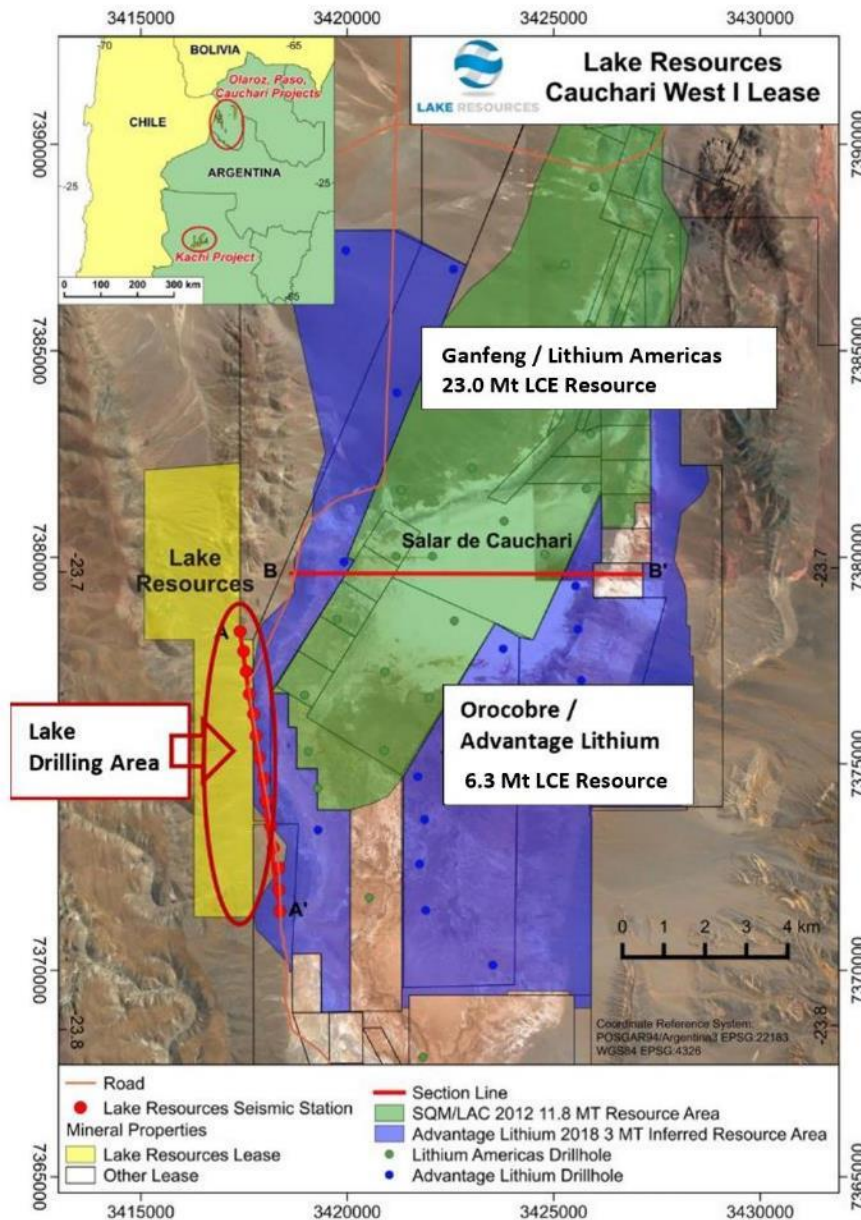
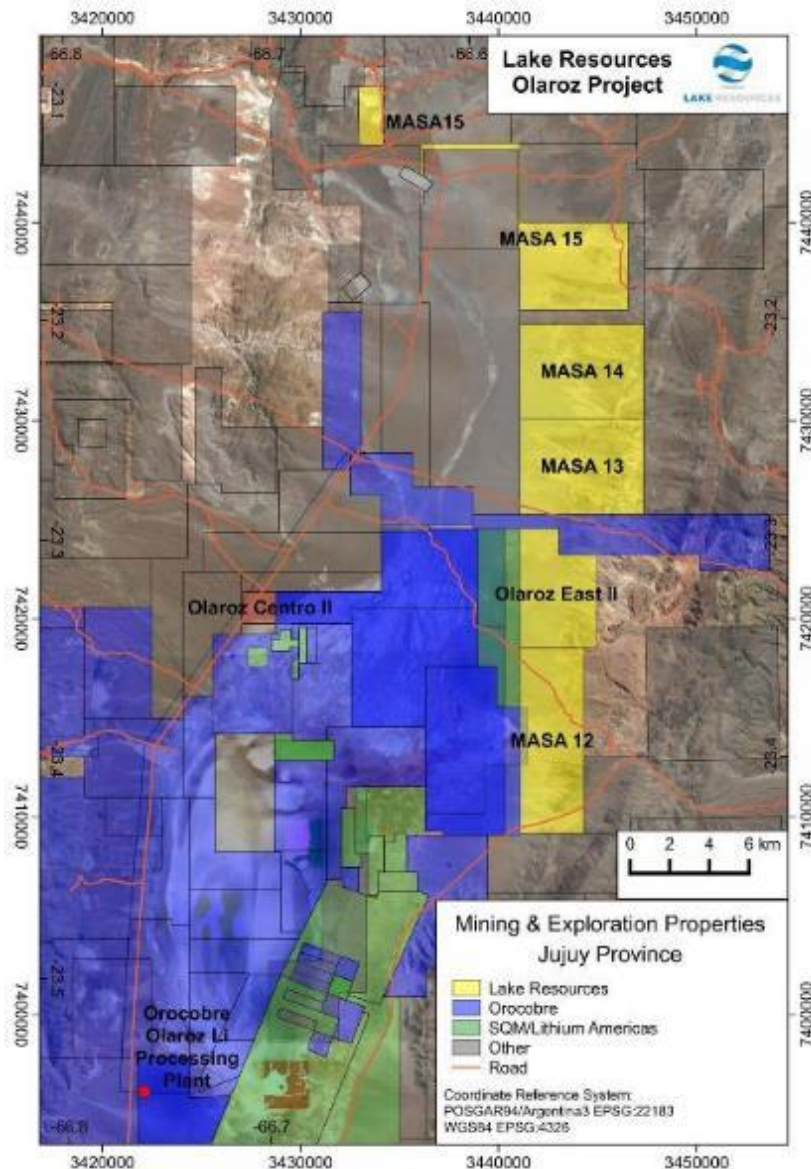


Figure 5. Cauchari Lithium Project, with adjoining Ganfeng / Lithium Americas resource and Orocobre / Advantage Lithium resource with (Orocobre announcements 7/11/2017, 4/12/2017, 18/01/2018, 15/03/19; Advantage Lithium announcement 5/3/2018, 10/01/2019, 1/04/19). (Third Party Resource details summarised in LKE's ASX announcement dated 6 Sept 2018)



**Figure 6: Lake’s Olaroz Lithium Brine Project leases (yellow) in relation to Orocobre leases (blue). Lake leases stretch north-south for 30 kilometres**

**Competent Person’s Statement – Kachi Lithium Brine Project**

*The information contained in this ASX release relating to Exploration Results has been compiled by Mr Andrew Fulton. Mr Fulton is a Hydrogeologist and a Member of the Australian Institute of Geoscientists and the Association of Hydrogeologists. Mr Fulton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

*Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial exploration at the Kachi project.*

**Table 1: Cauchari Lithium Project – details of drill-hole locations**

Exploration Hole	Drilling Method	Easting	Northing	Elevation	Total Depth (m)	Azimuth / Dip (deg)	Assay Interval (m)	Lithium (mg/L)	Magnesium (mg/L)	Potassium (mg/L)
CW01D01	Diamond	3418810	7373543	3948	460	90	136m	148	586	1290
							186m	452	1590	4330
							<b>186m</b>	<b>480</b>	1650	4580
							<b>214m</b>	<b>422</b>	1190	3360
							<b>256m</b>	<b>453</b>	1320	3580
							<b>261m</b>	<b>538</b>	1200	3270
							274m	339	994	2690
							280m	378	1120	2960
							286m	390	1170	3030
							<b>289m</b>	<b>500</b>	1510	3910
							<b>307m</b>	<b>495</b>	1400	4100
							<b>367m</b>	<b>481</b>	1380	3940
							<b>387m-460m</b>	<b>496</b>	1480	4080
CW01R02	Rotary	3418801	7373545	3948	230 (*)	90				

\* = Hole terminated early due to drilling issues without samples

Coordinates are Argentine POSGAR Zone3 (UTM19)

All results are preliminary to date. Detailed sampling underway with packer instrument.

**APPENDIX 1 - JORC Code, 2012 Edition**
**Table 2 Report: Cauchari Lithium Brine Project**

Criteria	Section 1 - Sampling Techniques and Data
Sampling techniques	<ul style="list-style-type: none"> <li>Brine samples were taken from the diamond drill hole with a bailer during advance and once the hole is completed, a double packer device will be used to obtain representative samples of the formation fluid by purging a volume of fluid from the isolated interval, to minimize the possibility of contamination by drilling fluid then taking the sample. Low pressure airlift tests will be used as well. The fluid used for drilling is either brine sourced from the drill hole or nearby pumped water mixed into a brine. The return from drillhole passes back into the excavator dug pit lined to avoid leakage.</li> <li>The brine sample was collected in a clean plastic bottle (1 litre) and filled to the top to minimize air space within the bottle. A duplicate was collected at the same time for storage and submission of duplicates to the laboratory. Each bottle was taped and marked with the sample number.</li> <li>Drill cuttings were collected each metre from the parts of the hole drilled with a tricone bit.</li> <li>Drill core in the hole was recovered in 1.5 m length core runs in core split tubes when drilling was undertaken with a diamond bit. Drill core was undertaken to obtain representative samples of the sediments that host brine.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Diamond drilling with an internal (triple) tube was used for drilling. The drilling produced cores with variable core recovery, associated with unconsolidated material, in particularly sandy intervals. Recovery of these more friable sediments is more difficult with diamond drilling, as this material can be washed from the core barrel during drilling.</li> <li>Rotary drilling has used 8.5" or 10" tricone bits and has produced drill chips.</li> <li>Brine has been used as drilling fluid for lubrication during drilling.</li> </ul>

<p><i>Drill sample recovery</i></p>	<ul style="list-style-type: none"> <li>• Diamond drill core was recovered in 1.5m length intervals in the drilling triple (split) tubes. Appropriate additives were used for hole stability to maximize core recovery. The core recoveries were measured from the cores and compared to the length of each run to calculate the recovery.</li> <li>• Chip samples are collected for each metre drilled and stored in segmented plastic boxes for rotary drill holes.</li> <li>• Brine samples were collected at discrete depths with a bailer as drilling advanced. Brine samples will be collected once the drill hole is completed using a double packer over a 1 m interval (to isolate intervals of the sediments and obtain samples from airlifting brine from the sediments within the packer).</li> <li>• As the brine (mineralisation) samples are taken from inflows of the brine into the hole (and not from the drill core – which has variable recovery) they are largely independent of the quality (recovery) of the core samples. However, the permeability of the lithologies where samples are taken is related to the rate and potentially lithium grade of brine inflows.</li> </ul>
<p><i>Logging</i></p>	<ul style="list-style-type: none"> <li>• Sand, clay, silt, salt, breccia, coarse sandstone/conglomerate and cemented rock types were recovered in a triple tube diamond core drill tube, or as chip samples from rotary drill holes, and examined for geologic logging by a geologist and a photo taken for reference.</li> <li>• Diamond holes are logged by a senior geologist who also supervised taking of samples for laboratory porosity analysis as well as additional physical property testing.</li> <li>• Logging is both qualitative and quantitative in nature. The relative proportions of different lithologies which have a direct bearing on the overall porosity, contained and potentially extractable brine are noted, as are more qualitative characteristics such as the sedimentary facies and their relationships. When cores are split for sampling they are photographed.</li> </ul>
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> <li>• Brine samples were collected by bailer and will be collected by packer sampling methods, over a metre, once the drill hole is completed. Low pressure airlift tests will be used to purge test interval and gauge potential yields.</li> <li>• The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was taped and marked with the sample number.</li> </ul>
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> <li>• The Alex Stewart Argentina lab in Palpala, Jujuy, Argentina, is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the sampling program. The SGS laboratory in Buenos Aires is used for both primary and check samples. They also analyzed blind control samples and duplicates in the analysis chain. The Alex Stewart laboratory and the SGS laboratory are ISO 9001 and ISO 14001 certified, and are specialized in the chemical analysis of brines and inorganic salts, with experience in this field. This includes the oversight of the experienced Alex Stewart Argentina S.A. laboratory in Mendoza, Argentina, which has been operating for a considerable period.</li> <li>• The quality control and analytical procedures used at the Alex Stewart laboratory or SGS laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts.</li> </ul>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <li>• Field duplicates, standards and blanks are used to monitor potential contamination of samples and the repeatability of analyses. Accuracy, the closeness of measurements to the “true” or accepted value, will be monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory.</li> <li>• Duplicate samples in the analysis chain were submitted to Alex Stewart or SGS laboratories as unique samples (blind duplicates) during the process</li> <li>• Stable blank samples (distilled water) were used to evaluate potential sample contamination and will be inserted in future to measure any potential cross contamination</li> <li>• Samples were analysed for conductivity using a hand-held pH/EC multiprobe.</li> <li>• Calibration using standard buffers is being undertaken at times.</li> </ul>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <li>• The diamond drill hole sample sites and rotary drill hole sites were located with a hand-held GPS.</li> <li>• The properties are located in the Argentine POSGAR grid system Zone 3 (UTM 19) and in WGS84 Zone 19 south.</li> </ul>
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> <li>• Brine samples will be collected over 1m intervals every 6 m intervals within brine producing aquifers, where possible. Brine samples were collected where possible as the drill hole progressed.</li> </ul>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> <li>• The salt lake (<i>salar</i>) deposits generally have sub-horizontal beds and lenses that contain sand, gravel, salt, silt, clay, breccia and coarse sandstone/conglomerate. The vertical diamond drill holes provide a better understanding of the stratigraphy and the nature of the sub-surface brine bearing aquifers.</li> </ul>
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> <li>• Samples were transported to the Alex Stewart laboratory or SGS laboratory for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. Samples will be transported by a trusted member of the team.</li> <li>• The samples were moved from the drillhole sample site to secure storage at the camp on a daily basis. All brine sample bottles sent to the laboratory are marked with a unique label not related to location.</li> </ul>

<i>Review (and Audit)</i>	<ul style="list-style-type: none"> <li>No audit of data has been conducted to date. However, the CP will be onsite periodically in the future as drilling progresses during the programme and has previously provided guidance to the technical people on a similar project.</li> </ul>
<b>Criteria</b>	<b>Section 2 - Mineral Tenement and Land Tenure Status</b>
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>The Cauchari Lithium Brine project is located approximately 500m from the Ganfeng/Lithium Americas Cauchari pre-production area and 25km south of Orocobre's Olaroz lithium operation, and 23km north east of Catua in Jujuy province of north western Argentina at an elevation of approximately 3,900m asl.</li> <li>The project comprises approximately 1936 Ha in one mineral lease (minas) granted for drilling. Cauchari is a part of the Cauchari-Olaroz project with 17,953 Ha in eleven mineral leases (minas) with 10 granted access for exploration, 5 granted for drilling and 5 in the last phase prior to drilling approval.</li> <li>The tenements are believed to be in good standing, with statutory payments completed to relevant government departments.</li> </ul>
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> <li>Lithium Americas (Ganfeng Lithium 50% JV) has completed a series of drilling campaigns with rotary and diamond drill rigs since 2009 with drilling still continuing on production wells as part of the pre-production drilling. A combined resource of 23 million tonnes lithium carbonate equivalent (LCE) has been reported on 1 April 2019, comprised of 18.0 million tonnes LCE in the Measured &amp; Indicated category and 5.0 million tonnes in the Inferred category. This resource doubled from the previous resource in July 2012 of 11.8 million tonnes LCE in the Measured &amp; Indicated category.</li> <li>Results were reported in an NI 43-101 report by Mark King, Roger Kelley and Daron Abbey in July 2012 and April 2019 for Lithium Americas.</li> <li>Advantage Lithium (Orocobre 25% JV) has completed a series of drilling campaigns with one rotary hole and 25 diamond drill holes since 2011. A combined resource of 6.3 million tonnes lithium carbonate equivalent (LCE) has been reported in March 2019, released 19 April 2019, comprised of 4.8 million tonnes LCE in the Measured &amp; Indicated category and 1.5 million tonnes in the Inferred category. This resource doubled from the previous combined resource in 2018 of 3 million tonnes LCE in the Measured &amp; Indicated and Inferred categories. Gravity, VES, TEM and AMT ground geophysical surveys were completed prior to and following drilling campaigns.</li> <li>Results were reported in an NI 43-101 report by Fritz Reidel in April 2019 and Fritz Reidel with P Ehren in June 2018 for Advantage Lithium and in December 2016 by M Brooker and P Ehren for Advantage Lithium and in April 2010 by John Houston for Orocobre.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>The known sediments within the <i>salar</i> consist of salt/halite, clay, sand and silt horizons, accumulated in the <i>salar</i> from terrestrial sedimentation and evaporation of brines.</li> <li>Brines within the Salt Lake are formed by solar concentration and hosted within sedimentary units.</li> <li>Geology was recorded during the diamond drilling and from chip samples in rotary drill holes.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>Lithological data was collected from the holes as they were drilled and drill cores or chip samples were retrieved. Detailed geological logging of cores is ongoing.</li> <li>All drill holes are vertical, (dip -90, azimuth 0 degrees).</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>Results to date are initial analytical laboratory results. No data aggregation has been undertaken. In the future, assay averages will be provided where multiple sampling occurs in the same sampling interval.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>Mineralisation interpreted to be horizontally lying and drilling is perpendicular to the horizons.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>A drill hole location plan is provided showing the locations of the drill platforms. Individual drill locations are provided in Table 1.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Preliminary brine assay results are available from the drilling to date. Detailed information from the packer sampling will be provided as it becomes available.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>There is no other substantive exploration data available regarding the project.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The company is undertaking an 500m maiden diamond drilling programme and 300m maiden rotary water well drilling programme which may be expanded based on results.</li> </ul>

**SCHEDULE OF TENEMENTS (Appendix 5B)**

TOTAL NUMBER TENEMENTS:

**77**

TOTAL AREA TENEMENTS:

**208,420 Ha**

REF	TENEMENT NAME	NUMBER	AREA H	INTEREST	PROVINCE	STATUS
<b>OLAROSZ - CAUCHARI AREA</b>						
	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
<b>PASO AREA</b>						
	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
	<b>23 Mining leases</b>		<b>47579 Ha</b>			
<b>CATAMARCA PEGMATITES</b>						
	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
	<b>9 Mining leases 8 exploration leases</b>		<b>90,379 Ha</b>			

**SCHEDULE OF TENEMENTS (Appendix 5B)**

TOTAL NUMBER TENEMENTS:		TOTAL AREA TENEMENTS:				
77		208,420 Ha				
REF	TENEMENT NAME	NUMBER	AREA H	INTERES	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 4	107-M-2017	2723	100	Catamarca	In Process
	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	In Process
	Irene	28-M-2018	2250	100	Catamarca	In Process
	María Luz	34-M-2017	2425	100	Catamarca	Granted
	Maria I	140-M-2018	889	100	Catamarca	In Process
	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 5	97-M-2017	1415	100	Catamarca	In Process
	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 11	201-M-2018	815	100	Catamarca	In Process
	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	In Process
	Parapeto 1	133-M-2018	2504	100	Catamarca	In Process
	Parapeto 2	134-M-2018	1259	100	Catamarca	In Process
	Parapeto 3	132-M-2018	1892	100	Catamarca	In Process
	37 Mining leases		70462Ha			



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

LAKE RESOURCES N.L.

### ABN

49 079 471 980

### Quarter ended ("current quarter")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,306)	(5,236)
(b) development		
(c) production		
(d) staff costs	(130)	(517)
(e) administration and corporate costs	(1,294)	(2,630)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,730)</b>	<b>(8,383)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) 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) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>		
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	3,053	3,053
3.2 Proceeds from issue of convertible notes	-	2,347
3.3 Proceeds from exercise of share options	1,344	2,964
3.4 Transaction costs related to issues of shares, convertible notes or options	(106)	(292)
3.5 Proceeds from borrowings		280
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>4,291</b>	<b>8,352</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	152	1,744
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,730)	(8,383)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,291	8,352

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		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,713</b>	<b>1,713</b>
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	761	152
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Cash held in trust)	952	
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,713</b>	<b>152</b>
6.	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>	
6.1	Aggregate amount of payments to these parties included in item 1.2	99	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3		
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		
Remuneration and fees paid to Directors			

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	796
9.2 Development	
9.3 Production	
9.4 Staff costs	169
9.5 Administration and corporate costs	161
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>1,126</b>

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		None		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to tenement schedule		

**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.



Sign here: \_\_\_\_\_  
Director

Date: **23 JULY 2019**

Print name: **STEVE PROMNITZ**

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.