

9 October 2019

## FINANCIAL ADVISOR APPOINTED TO SECURE DEBT FUNDING

- **SD Capital Advisory Limited appointed to secure debt funding of up to US\$25 million for initial lithium production from its Kachi Lithium Brine Project and Cauchari Lithium Brine Project in Argentina, together with completion of the DFS.**
- **Company targeting early 2020 pre-production of initial lithium products, based on partner Lilac Solutions' direct extraction ion exchange process.**

Lithium explorer and developer **Lake Resources NL (ASX:LKE)** announced today the appointment of financial advisors, SD Capital Advisory Limited, to secure debt funding of up to US\$25 million for pre-production, definitive feasibility studies (DFS) and initial production of lithium products from the first stage of a commercial plant from its 100%-owned Kachi Lithium Brine and Cauchari Lithium Brine Projects in Argentina.

London headquartered SD Capital Advisory Limited is an independent financial advisory firm which focuses specifically on emerging markets, and its principals have previously worked for major financial institutions and corporations sourcing medium to long term financing solutions across broad industry sectors including resources and energy.

SD Capital Advisory Limited will focus on obtaining debt finance for the development of Lake's 100%-owned lithium brine projects with an immediate focus on Kachi given the Pre-Feasibility Study (PFS) will be completed before year-end.

Lake is assessing a range of funding solutions through debt or investment directly at the project level in order to minimise any potential dilution to Lake's equity investors.

SD Capital Advisory Limited's appointment follows Lake's announcement of the completion of the first pilot plant module for the Kachi project, with delivery expected shortly after year-end to site. The pilot plant has been designed by Silicon Valley-backed Lilac Solutions Inc and international engineering company Hatch and will demonstrate Lilac's groundbreaking direct extraction ion exchange process on brines produced at Kachi (refer ASX release 23 September 2019). Lake plans to produce a high quality, low impurity product capable of attracting premium pricing with low impurities using a process without evaporation ponds.

**Lake's Managing Director, Steve Promnitz said:** *"Lake's project development plans are now rapidly advancing and sourcing the necessary project funding is a major value-adding step as we look to complete initial production modules after the pilot plant results become known. We are confident these results will prove successful."*

*"We look forward to demonstrating an industry-leading solution for fast, efficient, scalable and sustainable lithium extraction from the heart of the Lithium Triangle, home to the world's lowest cost production, and now we have an experienced project and debt finance advisor to support us."*

**LAKE RESOURCES NL**

Level 5, 126 Phillip Street,  
Sydney, NSW 2000  
+61 2 9299 9690

**LAKERESOURCES.COM.AU**  
ASX:LKE

**AT THE HEART OF THE  
LITHIUM TRIANGLE**

**For further information please contact:**

**Steve Promnitz, Managing Director**

**+61 2 9188 7864**

[steve@lakeresources.com.au](mailto:steve@lakeresources.com.au)

**Follow Lake on Twitter:** [https://twitter.com/Lake\\_Resources](https://twitter.com/Lake_Resources)

**Follow on LinkedIn:** <https://www.linkedin.com/company/lake-resources/>

**Website:** <http://www.lakeresources.com.au>

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

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on reaching pre-production in early 2020 using an ethical, efficient direct extraction process to develop lithium brine projects. The three lithium brine projects, owned 100% by lake, 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 at the lowest cost. Lake holds one of the largest lithium tenement packages in Argentina (~200,000Ha). The large holdings and direct extraction technique 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 70,000 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 maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt and Inferred 3.4Mt) over a large lithium brine bearing basin 800+m deep, from 16 drill holes (3100m) (refer ASX announcement 27 November 2018).

A direct extraction technique using ion exchange has been lab tested for more than 6 months in partnership with Lilac Solutions, which has shown 80-90% recoveries and lithium brine concentrations 50-60,000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast in the lowest cost quartile (refer ASX announcement 10 December 2018). This process is will be trialed on site with a pilot plant as part of the PFS underway, ready by year end. Discussions are advanced with 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 the Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium with high flow rates drilled immediately across the lease boundary.

The Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) and high flow rates, with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining pre-production areas under development and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 28 May, 12 June 2019).

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. 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/>

**About the Advisors:**

SD Capital Advisory Limited is an incorporated, independent finance advisory firm which focuses specifically on emerging markets. SD Capital Advisory Limited is authorised and regulated by the Financial Conduct Authority as an appointed representative of Vicarage Capital Limited. The company is headed by emerging markets specialist, David M Buckle, who held senior positions in Unilever and the mining sector in Ghana. He is supported by Simon Munns who has over 25 years with Goldman Sachs, Morgan Stanley and Nomura in a variety of roles and locations.