

10 February 2020

CLOSE-OUT OF CONVERTIBLE SECURITIES FACILITY

- **Early close out of the Convertible Securities facility confirmed through the combination of both a cash payment and the issue of shares.**

Lithium explorer and developer **Lake Resources NL (ASX: LKE)** announces the early close out of a convertible securities funding facility, aimed to drive increased shareholder value, together with a successful capital raising and recent project advances.

The Company has entered into a formal agreement with SBI Investments (PR), LLC, for the early close out of the Convertible Securities funding facility, through a combination of both a cash payment and the issue of shares to SBI (which includes an equity based fee in consideration for the facility's early termination).

The two-tranche Convertible Securities funding facility with SBI Investments (PR), LLC, announced on 28 February 2019, played an important role in facilitating the progression of the Pre-Feasibility Study (PFS) for the Company's Kachi Lithium Brine Project and the testing and development of a sustainable and scalable direct extraction method. Lake is now entering a key phase of development as it progresses to pre-production from the pilot plant and undertakes discussions with downstream entities as well as financiers, regarding the potential joint development of the project.

Under the formal agreement, the Company must make a cash payment of A\$1,959,615 on or before 14 February 2020 and issue SBI with 11,558,021 ordinary shares on or before 11 February 2020. Lake has announced a capital raising where part of the use of funds will be towards the cash payment, together with existing cash and debt reserves, including \$600,000 short term unsecured facilities recently finalised by the Company. The Company thanks the facility provider for its assistance in 2019.

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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 at the lowest cost. 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.

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**AT THE HEART OF THE
LITHIUM TRIANGLE**

The Kachi project covers 70,000 ha over a salt lake south of FMC/Livent'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 30-60,000 mg/L lithium. Battery grade lithium carbonate has been produced from Kachi brine samples with very low impurities (Fe, B, with <0.001 wt%). Phase 1 Engineering Study results have shown operating costs forecast in the lowest cost quartile (refer ASX announcement 10 December 2018). Test results have been incorporated into a Pre-Feasibility Study (PFS) aimed to be released soon. The Lilac process is being trialed with a pilot plant in California which will then be transported to site to produce larger battery grade lithium samples. Discussions are advanced with downstream entities, mainly battery/cathode makers, as well as financiers, 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 (600 mg/L) 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. 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/>