

# Lake Resources N.L. ACN 079 471 980 (Company) - Prospectus

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## **SPP Offers to Eligible Shareholders**

For an offer to Eligible Shareholders to participate in a Share Purchase Plan by subscribing for up to \$30,000 worth of new Shares at an issue price of \$0.04 per Share (**SPP Shares**) to raise up to \$1,500,000 (**SPP Offer**).

## **SPP Shortfall Offers to Investors**

For an offer to Investors identified by the Company to acquire any Shares forming part of the shortfall from the Share Purchase Plan at an issue price of \$0.04 per Share (**Shortfall Shares**) to raise up to \$1,500,000 (**Shortfall Offer**).

## **Cleansing**

This prospectus has also been prepared for the purposes of section 708A(11) of the Corporations Act 2001 (Cth) to remove any secondary trading restrictions on the on-sale of the Shares issued by the Company to the Placement Investors under the Placement and to the Convertible Securities Holder under the Termination Deed.

## **Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The Shares offered by this Prospectus should be considered as speculative.

This is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

**Not for distribution in the United States of America or to U.S. persons.**

# Prospectus

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# Prospectus

## Chairman's letter

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Dear Shareholders,

### Overview

On behalf of the Board of Directors of Lake Resources N.L it is my pleasure to present this Prospectus and to offer you the opportunity to participate in the future growth of the Company through this offer of securities.

The Board of the Company recognises and appreciates our loyal and supportive Shareholders and wishes to provide a means to participate in the Company's potential future by way of a Share Purchase Plan (**SPP**) under similar terms as the Placement to professional and sophisticated investors.

### Share Purchase Plan and Placement

As announced to the market on 10 February 2020, the Company is presently undertaking a capital raising program. The Company has secured \$2,000,000 from sophisticated and professional investors by way of a private placement. In conjunction with this, the Company wishes to provide its loyal shareholders with an opportunity to participate in the capital raising program by undertaking a Share Purchase Plan to raise up to \$1,500,000.

Participation in the Share Purchase Plan is available to shareholders of the Company who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 7 February 2020 and whose registered address is in Australia and New Zealand (**Eligible Shareholders**).

Under the Share Purchase Plan, each Eligible Shareholder may apply for up to \$30,000 worth of new Shares at \$0.04 cents per Share. Applications may be made for parcels of \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000 worth of Shares under the Share Purchase Plan.

It is proposed that the funds raised from the Share Purchase Plan (together with the Placement) will be used for:

- (a) early repayment and close out the Convertible Securities Agreement;
- (b) the development, construction, transport and operation of the direct extraction pilot plant;
- (c) the production of samples for downstream participants (off-takers) to conduct qualification testing,
- (d) the optimisation of the Pre-Feasibility Study (PFS);
- (e) general exploration;
- (f) the costs of the SPP Offer and the Placement; and
- (g) working capital.

The Board has structured the Share Purchase Plan to encourage our loyal, smaller shareholders to apply and increase their holding in the Company. The issue price of \$0.04 per Share is at a 20% discount to the 5 trading day VWAP prior to the date of announcing the capital raising program (\$0.050) and a 15.8% discount to the 20 trading day VWAP (\$0.0475) and a 14.9% discount to the last closing price of \$0.047.

If you are an Eligible Shareholder, your personalised Application Form in relation to the Shares offered under the Share Purchase Plan is included in this package. The Share Purchase Plan will open on **Monday 10 February 2020** and will close at **5.00pm (AEDT) on 28 February 2020**. Accordingly, Shareholders are encouraged to submit their Application Forms as early as possible. Further details about how to apply for Shares under the Share Purchase Plan are set out in section 5 of the Prospectus. If you choose not to participate in the Share Purchase Plan, your right to participate lapses on the closing date of the Share Purchase Plan.

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In the event that less than 37,500,000 Shares are applied for under the Share Purchase Plan, the shortfall may be placed at the discretion of the Directors,

## **Convertible Securities Agreement Close-Out**

As announced on 10 February 2020, the Company has entered into an agreement with the Convertible Securities Holder for the early termination of the Convertible Securities Agreement.

The terms of the Termination Deed require the Company to, amongst other matters:

- (a) issue the Convertible Security Holder 11,558,021 Shares, which includes both a reduction of the principal amount owing and an equity based early termination fee, on or before 11 February 2020;
- (b) make a cash payment of \$1,959,615 to the Convertible Securities Holder to be paid on or before 14 February 2020 (**Cash Portion**).

The Company proposes to use part of the funds raised under the Placement, to satisfy the Cash Portion payable to the Convertible Securities Holder, together with cash available to the Company.

Provided the Company complies with the above requirements, the Convertible Securities Facility will be deemed fully repaid and will terminate.

## **Offers under the Prospectus**

The offers of Shares under the Share Purchase Plan (and in respect of any shortfall under the Share Purchase Plan) is made pursuant to this Prospectus.

The Prospectus has also been prepared for the purposes of section 708A(11) of the *Corporations Act 2001* (Cth) (**Corporations Act**) to remove any secondary trading restrictions on the on-sale of the shares issued by the Company to the Placement Investors under the Placement and to the Convertible Securities Holder under the Termination Deed.

This Prospectus includes details of the SPP Offer and the Company, together with a statement of the key risks associated with investing in the Company. I recommend that you study the document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I invite you to consider this investment opportunity and look forward to your continued support as a shareholder or welcoming you as a new shareholder of the Company.

Yours sincerely



Stu Crow  
Chairman  
Lake Resources NL

# Prospectus

## 1. Offer Statistics

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<b>Issue Price of SPP Shares and Shortfall Shares</b>	\$0.04
<b>Maximum number of SPP Shares to be issued <sup>1</sup></b>	37,500,000
<b>Number of Shares on issue prior to the Offer</b>	529,532,086
<b>Number of Shares to be issued under the Placement</b>	50,000,000
<b>Number of Shares to be issued under the Termination Deed</b>	11,558,021
<b>Expected number of Shares on issue following the Offer <sup>2, 3</sup></b>	628,590,107

**Notes:**

1. This assumes that fractional entitlements to SPP Shares are rounded down and that the maximum number of SPP Shares is issued.
2. This assumes that none of the current Options are exercised.
3. This assumes that the SPP is fully subscribed, all Shares are issued under the Placement and the Termination Deed but that no Options are exercised.

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## 2. Key Dates

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<b>Event Date</b>	<b>Date</b>
Record Date for the SPP	7 February 2020
Announcement of Offers	10 February 2020
Prospectus lodged with ASIC	10 February 2020
Offers open	10 February 2020 at 10am AEDT
SPP Offer closes	28 February 2020 at 5pm AEDT
Issue of SPP Shares	10 March 2020
Despatch of new holding statements for SPP Shares	10 March 2020
Trading commences for SPP Shares	11 March 2020
Shortfall Offer Closes	13 March 2020
Issue of Shortfall Shares	18 March 2020
Trading commences for Shortfall Shares	19 March 2020

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice.

The Directors, subject to the requirements of the Listing Rules and the Corporations Act, reserve the right to:

- (a) withdraw some or all of the Offers without prior notice; or
- (b) vary any of the important dates set out in this Prospectus, including extending or closing early any of the Offers.

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## **3. Important information**

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### **3.1 General**

This Prospectus is dated 10 February 2020 and was lodged with ASIC on that date. Neither ASIC nor the ASX (nor their officers) take any responsibility as to the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus contains offers of Shares (being continuously quoted Securities as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Applications for the SPP Shares and the Shortfall Shares offered pursuant to this Prospectus can only be submitted on an original Application Form.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares that are the subject of this Prospectus should be considered speculative.

### **3.2 Foreign Shareholders and Investors**

This Prospectus does not constitute an offer of the Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Company has not made any investigations as to the regulatory requirements that may prevail in countries, outside of Australia and New Zealand, in which Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

This document must not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Offers have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States, and the Shares the subject of the Offers may not be offered or sold in the United States or to or for the account or benefit of any US Persons, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

### **3.3 New Zealand**

The SPP Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of SPP Shares is being made in reliance on the Financial Markets Conduct Act 2013, the Financial Markets Conduct Regulations 2014 (NZ) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.



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This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* (New Zealand) and Part 9 of the *Financial Markets Conduct Regulations 2014* (New Zealand).

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

## 3.4 Transaction Specific Prospectus

This Prospectus is a transaction specific prospectus for an offer of Shares (being continuously quoted Securities as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

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## 3.5 Risk factors

Shareholders should be aware that holding securities in the Company involves a number of risks. The key risk factors of which Shareholders should be aware are set out in section 9 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers in relation to the issue of the Shares pursuant to this Prospectus.

The following is a summary of some of the key risks as set out in section 9 of this Prospectus.

<b>Risk</b>	<b>Summary</b>	<b>Further information</b>
Share Market Risk	<p>The market price of listed securities can be expected to rise and fall in accordance with general market conditions and other factors.</p> <p>The Shares under the SPP and in general carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.</p>	See section 9.2(a)
General Economic Conditions	Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company.	See section 9.2(b)
Share price fluctuations	The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market, including periods of high volatility and limited liquidity.	See section 9.2(c)
Risk specific to the SPP Offer	The SPP Offer entitles an Eligible Shareholder to subscribe for a Share at a price of \$0.04. As Shares are readily available on the market, there is a risk that the Company's share price may fall below the Issue Price.	See section 9.3
Risk regarding the Convertible Securities Agreement	The Company has entered into a deed for the termination of the Convertible Securities Agreement. As at the date of this Prospectus, the Company considers it will be able to comply with its obligations under the Termination Deed. However, there is a risk that the Company may not be able to meet its obligations resulting in the Convertible Securities Agreement continuing to remain in effect. This may have an adverse effect on the Share Price of the Company.	See section 9.5(a)
Risk regarding the Placement	While the Company has received binding agreements from the Placement Investors, there is a risk that those third parties may not comply with their obligations under the placement agreements and this may adversely affect the Company.	See section 9.5(b)
Operational Risks	The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company.	See section 9.5(c)

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Emerging Market	Argentina is considered to be an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability more so than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results.	See section 9.5(e)
Community Issues	Parts of Argentina are sensitive to community issues, indigenous issues and the need to create employment and the authorities in some regions are politically not pro-investment but rather sympathisers of populist claims of organised groups and with anti-mining attacks and anti-development themes.	See section 9.5(f)
Financing	In order to proceed with the development of any of its projects, and in order to comply with the minimum expenditure requirements in respect of its tenements, the Company is likely to be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise capital in the future.	See section 9.5(j)
Exploration and Production	Tenements in which the Company has an interest are at various stages of exploration and potential investors should understand that mineral exploration is a high-risk undertaking. There can be no assurance that exploration of the project areas described in this Prospectus, or any other permits that the Company may acquire an interest in, will result in the discovery of an economic mineral reserve.	See section 9.5(k)
Resource Estimations	Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. Estimates remain subject to change and no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.	See section 9.5(m)
Technology Risk	The Company is utilising new technology to extract and develop the lithium brine resources. Testing to date has been encouraging but there is no guarantee or assurance that the technology will be successful or economically viable.	See section 9.5(n)
Speculative Nature of investment	The risk factors set out in this Prospectus should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for the new securities.	See section 9.5(o)

## 3.6 Deciding to accept the Offer

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares. The information in this Prospectus does not constitute a securities recommendation or financial

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product advice. In preparing this Prospectus, the Company has not taken into account the investment objectives, financial situation or particular needs of any particular person.

This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: <https://lakeresources.com.au/>

## 3.7 Glossary

Certain terms used in this Prospectus are defined in the Glossary in Section 11 of this Prospectus. Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

## 3.8 Enquiries

If you have questions in relation to the Share Purchase Plan please contact the Share Registry (Automic) on:

- 1300 288 664 for callers within Australia; or
- +61 2 9698 5414 for overseas callers,
- or by email at [corporate.actions@automic.com.au](mailto:corporate.actions@automic.com.au).

## 3.9 Forward Looking Statements

The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward looking statements. The forward looking statements in this Prospectus are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus. Investors should specifically refer to the "Risks Section" in section 9 of this Prospectus. That section refers to some, but not all, of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Prospectus.

Investors should be aware that past Share price performance of the Company provides no guidance to its future Share or Option price performance. Neither the Company nor any other person warrants or guarantees the future performance of the Shares offered under this Prospectus or the Shares generally or any return on any investment made pursuant to this Prospectus.

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## 4. Investment Summary

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### 4.1 The Offers

As announced on 10 February 2020 the Company is seeking to raise additional funding of up to \$3,500,000 which involves:

- (a) a placement of up to 50,000,000 Shares to sophisticated and professional investors to raise approximately \$2,000,000; and
- (b) the SPP Offer and Shortfall Offer, which will raise up to approximately \$1,500,000.

In conjunction with the Placement (further details of which are set out below), the Company is offering to Eligible Shareholders the opportunity to participate in a Share Purchase Plan to acquire up to \$30,000 worth of Shares per Eligible Shareholder.

### 4.2 Placement and Share Purchase Plan

As announced by the Company on 10 February 2020, the Company has received binding commitments from sophisticated and professional investors to raise up to \$2,000,000. The Shares to be issued under the Placement have an issue price of \$0.04 each and accordingly the Company proposes to issue up to 50,000,000 Shares to the Placement Investors utilising its existing placement capacity under Listing Rules 7.1 and 7.1A.

The Company intends to use part of the funds raised under the Placement to repay funds owing by the Company under the Convertible Securities Agreement in accordance with the Termination Deed. Further details regarding the Company's proposed use of funds in respect of the Placement and SPP is set out in section 4.7

### 4.3 Convertible Securities Facility Close-out

As announced on 10 February 2020 the Company has entered into an agreement with Convertible Securities Holder for the early termination of the Convertible Securities Agreement (**Termination Deed**).

Amongst other matters, the terms of Termination Deed provide that:

- (a) the Company is required to pay the Convertible Securities Holder an amount of \$1,959,615 on or before 14 February 2020 date (**Cash Portion**); and
- (b) the Company is required to issue the Convertible Securities Holder 11,558,021 Shares (which constitutes both a reduction of the principal amount owing and an equity based early termination fee) on or before 11 February 2020 (**Share Portion**).

No funds will be raised through the issue of the Share Portion.

Provided the Company complies with its obligations under the Termination Deed, including both the payment and issue of the Cash Portion and the Share Portion, then the Convertible Securities Agreement will be deemed fully repaid, all Convertible Securities will be cancelled and the Convertible Securities Agreement will be terminated.

If the Company fails to make payment of the Cash portion by 14 February 2020 or fails to issue the Share Portion by 11 February 2020, the Termination Deed will be of no further

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force and effect and the Convertible Securities Agreement will continue to be in effect on the original terms announced to the market on 28 February 2019.

## 4.4 Purpose of the Prospectus

This Prospectus has been for the purposes of enabling the SPP Offer to be made to all Eligible Shareholders and to the extent it relates to the SPP Offer and the Shortfall Offer, to enable the SPP Shares and the Shortfall Shares issued to Eligible Shareholders and Investors to be on-sold without disclosure.

In addition to the SPP Offer and Shortfall Offer, the purpose of this Prospectus is to remove any trading restrictions that may have attached the Shares to be issued to Placement Investors under the Placement and the Shares to be issued to the Convertible Securities Holder under the Termination Deed without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

The offer and issue of the Shares to Placement Investors under the Placement and the Shares to the Convertible Securities Holder under the Termination Deed will be undertaken without disclosure to investors under Part 6D of the Corporations Act, to investors who were considered sophisticated investors, professional investors or other investors who were exempt from disclosure pursuant to section 708 of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Relevantly, section 708A(11) of the Corporations Act provides an exemption from this general requirement and states that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) Either:
  - (1) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued, but before the day on which the sale offer is made; or
  - (2) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

the prospectus is an offer of securities issued by the body that are in the same class of securities as the relevant securities.

Accordingly, an additional purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act so that the Shares issued to Placement Investors under the Placement and the Shares issued to the Convertible Securities Holder under the Termination Deed may be sold within the next twelve months without the issue of a prospectus. The issue of the Shares under the Placement and the Termination Deed have not been undertaken by the Company with the purpose of the recipients selling or transferring those Shares. However, the Directors consider that the recipients of those Shares should be able to sell them should they wish to do so, without being required to issue a prospectus. The Shares under the Placement are intended to be issued on 13 February 2020, and the Shares to be issued under the Termination Deed are intended to be issued on 11 February 2020, both prior to the close of the SPP Offer.

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## 4.5 Minimum subscription

There is no minimum subscription to the Offers. The minimum parcel of Shares which an Eligible Shareholder may apply for under the Offers is \$1,000, being 25,000 Shares.

## 4.6 Not underwritten

Neither the SPP Offer nor the Shortfall Offer is underwritten.

## 4.7 Purpose of the Offer and proposed use of funds from the SPP and Placement

The purpose of the SPP Offer is to raise funds for the Company which, in conjunction with funds raised under the Placement) are intended to be used as follows:

- (a) to early repayment and close out the Convertible Securities Agreement;
- (b) for the development, construction, transport and operation of the direct extraction pilot plant;
- (c) for the production of samples for downstream participants (off-takers) to conduct qualification testing,
- (d) the optimisation of the Pre-Feasibility Study (PFS);
- (e) for general exploration;
- (f) the costs of the SPP Offer and the Placement; and
- (g) working capital.

The Company has also conducted the SPP Offer to reward its existing Shareholders for their continued support of the Company.

The proceeds from the SPP Offer and Placement (assuming the maximum amount under the Share Purchase Plan is raised, being \$1,500,000) are proposed to be allocated in the following manner:

<b>Proposed use of funds</b>	
Early termination of convertible notes (partial payment of Cash Portion)	1,459,615
Pilot plant development	350,000
Production of samples for off-takers and the completion of the PFS;	200,000
General exploration	810,000
Working capital	486,000
Estimated costs of the Offer and Placement (including legal fees, Share Registry fees, ASX fees and other miscellaneous costs associated with the Offer)	194,385
<b>Total (maximum raising)</b>	<b>3,500,000</b>

**Notes:**

1. The above use of funds table assumes that the Offer is fully subscribed and does not take account of brokerage (if any). Further details are set out in section 4.8 below.
2. The additional \$500,000 cash component of the Convertible Securities termination will be paid from existing company cash and debt reserves. Refer Section 7.2 for further information.

# Prospectus

The above is a statement of the Board's current intention as at the date of this Prospectus. It should also be noted that as the SPP Offer is not underwritten the actual amount raised cannot be finally determined. The Company reserves the right to vary how the Company proposes to use the funds raised under the SPP Offer and the Placement. Shareholders should note that, as with any budget and forecast, the allocation of funds set out in the above table and the use of the funds within any given timeframe may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

## 4.8 Offer costs

Item of expenditure	Amount of expenditure (\$) (including GST)
ASX and ASIC fees	\$17,385
Legal	\$26,000
Printing and registry costs	\$19,000
Placement fees	\$132,000
<b>Estimated total (including GST)</b>	<b>\$194,385</b>

## 4.9 Capital Structure post Offers assuming Offers fully subscribed

Securities	Number of Shares	Number of Listed Options	Number of unlisted Options
Existing securities	529,532,086	52,512,693	48,355,000
Maximum number of new Shares offered under the SPP <sup>1</sup>	37,500,000	Nil	Nil
New Shares to be issued under the Placement	50,000,000	Nil	Nil
New Shares to be issued under the Termination Deed	11,558,021	Nil	Nil
<b>TOTAL<sup>1,2</sup></b>	<b>628,590,107</b>	<b>52,512,693</b>	<b>48,355,000</b>

**Notes:**

1. Assumes the SPP is fully subscribed.
2. Assumes that no existing options are exercised after the date of this Prospectus.

## 4.10 Terms of Securities

A summary of the rights attaching to the Shares offered by this Prospectus is set out in section 8.1.

## 4.11 Applying for SPP Shares

Eligible Shareholders may apply for up to \$30,000 worth of Shares pursuant to the Share Purchase Plan. The SPP Offer will open on 10 February 2020 at 10.00am AEDT and will remain open until 5.00pm (AEDT) on 28 February 2020 (subject to the Director's discretion to close the SPP early or extend the Closing Date). Information regarding how to apply for Shares under the SPP is set out in section 5.2 below.



# Prospectus

## 5. Details of the Offers

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### 5.1 The SPP Offer

This is an offer to Eligible Shareholders to participate in a Share Purchase Plan by subscribing for up to \$30,000 worth of new Shares at an issue price of \$0.04 per SPP Share to raise up to \$1,500,000 (representing up to 37,500,000 SPP Shares).

Information regarding how to apply for Shares under the SPP are set out in section 5.2 below.

#### Shortfall Offer

An offer of up to 37,500,000 Shortfall Shares to Investors issued as part of any SPP Shortfall, at an issue price of \$0.04 per Share. The number of Shortfall Shares ultimately offered will be determined by the level of shortfall under the SPP. If there is no SPP Shortfall, no Shortfall Shares will be offered to Investors.

Information regarding how to apply for Shortfall Shares under the SPP Shortfall are set out in section 5.3 below.

#### General Information relating to the SPP Offer

Fractional entitlements to Shares will be rounded down to the nearest whole number.

Up to \$1,500,000 funds may be raised pursuant to SPP Offer and Shortfall Offer.

All of the Shares issued under this Prospectus will rank equally with the Shares on issue at the date of issue. Please refer to section 8.1 for further information regarding the rights and liabilities attaching to the Shares.

The SPP Offer is non-renounceable.

### 5.2 Share Purchase Plan

#### (a) SPP Offer

The SPP Offer is being made to Eligible Shareholders to increase their existing shareholding in the Company and participate in the future prospects of the Company. The SPP is a convenient and cost-effective way for Eligible Shareholders to acquire fully paid ordinary shares in the Company (**SPP Shares**).

The SPP Offer under this Prospectus consists of an offer of up to 37,500,000 SPP Shares to be issued to Eligible Shareholders at an issue price of \$0.04 per Share to raise up to \$1,500,000. The SPP Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the then issued and outstanding Shares in the Company. The rights attaching to the Shares are further described in section 8.1 below.

#### (b) Who is Eligible?

Participation in the SPP Offer is optional and is available exclusively to shareholders of the Company who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 7 February 2020 and whose registered address is in Australia and New Zealand (**Eligible Shareholders**). The Company has determined that it is not practical for holders of Shares with addresses on the register in other jurisdictions to participate in the Share Purchase Plan.

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The SPP Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

If you are an Eligible Shareholder you should have received a copy of this Prospectus together with a personalised Application Form and a reply paid envelope.

(c) **How much can you invest**

Consistent with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, each Eligible Shareholder may only purchase up to \$30,000 worth of SPP Shares under the SPP. This represents 750,000 SPP Shares. This value is the same for all Shareholders, irrespective of how many Shares are held at the Record Date. This limit also applies if a Shareholder receives more than one offer from the Company (for example, if a Shareholder is both a sole and joint Eligible Shareholder or a shareholder with more than one holding under a separate account, the Shareholder can only apply for SPP Shares up to a maximum value of \$30,000).

All Offers for SPP Shares under the SPP are non-renounceable and therefore the right to participate in the SPP cannot be transferred

Under the Share Purchase Plan, Eligible Shareholders may participate by selecting only one of the following options to purchase SPP Shares under the Share Purchase Plan:

	Total amount payable at AUD\$0.04 per Share	Number of SPP Shares which may be applied for
Offer A	\$30,000	750,000
Offer B	\$25,000	625,000
Offer C	\$20,000	500,000
Offer D	\$15,000	375,000
Offer E	\$10,000	250,000
Offer F	\$5,000	125,000
Offer G	\$2,000	50,000
Offer H	\$1,000	25,000

Fractional Shares will be rounded down. No brokerage, stamp duty or other costs are payable by Applicants in respect of an application for SPP Shares under this Prospectus. The Company may pay brokerage and other commissions in respect of any subscriptions procured in respect of any of the SPP Shortfall, as determined by the Board in its discretion.

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If two or more persons are recorded in the register of shareholders of the Company as jointly holding Shares, they are considered to be a single registered holder for the purposes of this Share Purchase Plan and they are entitled to participate in the Share Purchase Plan in respect of that single holding only. If as joint holders, they receive more than one offer under the Share Purchase Plan due to multiple identical holdings, the joint holders may still only contribute a maximum of \$30,000 in applying under the Share Purchase Plan.

(d) **Subscription Price**

The SPP Offer price of \$0.04 per SPP Share is payable in full on acceptance of part or all of your entitlement.

The Issue Price is the same as the issue price of the Shares under the Placement.

Compared with the average closing market price over the last 5 days on which trading in the Company's Shares were recorded prior to the announcement of the SPP (on 10 February 2020, being 13 January 2020 to 17 January 2020) the SPP Offer price of \$0.04 represents a 20% discount to the average closing market price over that period (being \$0.05).

The Shares are a speculative investment and the market price of the Shares may change between the Opening Date and the Issue Date. This means that the SPP Offer price of \$0.04 per SPP Share may exceed the market price of the Shares at the Issue Date. The Company does not make any assurance as to the market price of Shares and there can be no certainty that Shares in the Company will trade at or above the SPP Offer price of \$0.04 per SPP Share following the Issue Date. Shareholders should seek their own financial advice in relation to, and participation in, the SPP.

(e) **How to apply**

The SPP Offer will open on 10 February 2020 at 10.00am AEDT and will remain open until 5.00pm (AEDT) on 28 February 2020.

Eligible Shareholders who wish to apply for Shares under the SPP must either:

- (1) make a BPAY® payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding.

If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your SPP Shares under the Share Purchase Plan in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any SPP Shares that you may wish to apply for in respect of that holding (noting the SPP Offer is limited to \$30,000 per Eligible Shareholder). If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies, and any excess amount will be refunded.

If you make your payment using BPAY® you do not need to return your Application Form.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It

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is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit; or

- (2) complete the enclosed Application Form and send it by mail or delivery together with Application Amount so that it is received by no later than the Closing Date for the SPP Offer, being **5.00pm (AEDT) on 28 February 2020** or such later date as the Directors determine to the Company's share registry at the below address:

Automatic Registry Services  
GPO Box 5193  
Sydney NSW 2001

Payment should be made by cheque in Australian currency made payable to "Lake Resources N.L." and crossed "not negotiable".

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY payments must be drawn on an Australian bank.

If you intend to pay for the SPP Shares by BPAY, there is no need to return the Application Form, but you must ensure that your payment is received by no later than 5:00pm (AEDT) on the Closing Date or such later date as the Directors' determine (keeping in mind that payments made by BPAY may take 1 or more Business Days to clear).

You should ensure that sufficient funds are held in the relevant account(s) to cover the application monies. If the amount of your cheque for application monies is insufficient to pay in full for the number of whole SPP Shares you have applied for in your Application Form, you will be taken to have applied for such lower number of SPP Shares as your cleared application monies will pay for (and to have that number of SPP Shares on your Application Form). Alternatively, your application will be rejected. If your cheque does not clear due to insufficient funds in your account, your application will be rejected. Further, if you provide a cheque or money order for the incorrect amount, the Company may treat you as applying for as many SPP Shares as your cheque, bank draft or money order will pay for.

Applicants should not forward cash and direct bank transfers are not permitted. You will not be able to withdraw or revoke your application once you have submitted it, other than as required by the Corporations Act.

Applicants are encouraged to lodge their Application Form as soon as possible, as the SPP may close early without notice.

No stamp duty, brokerage or handling fees are payable by the Applicant for the SPP Shares offered by this Prospectus.

Application monies will be held in trust in a subscription account until allotment of the SPP Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the application monies will be retained by the Company irrespective of whether allotment takes place.

(f) **Acknowledgements and Certifications**

By making a BPAY® payment of the Application Amount in the manner specified in clause 5.2(e)(1) or submitting an Application Form, together with the appropriate payment of the Application Amount in the manner specified in clause 5.2(e)(2) you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

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- (1) you certify, acknowledge, warrant and represent as true, correct and not misleading to the Company that if you are not a Custodian, the aggregate of the application price paid by you for:
  - (A) the New Shares the subject of the Application Form or the BPAY® payment;
  - (B) any other Shares applied for under a similar arrangement in the 12 months prior to the date of submission of the Application Form or making the BPAY® payment;
  - (C) any other Shares issued to a Custodian (as a result of an instruction given by you to the Custodian or another Custodian to apply for Shares on your behalf) under the SPP or under any similar arrangement operated by the Company in the 12 months prior to the date of submission of the Application Form or making the BPAY® payment and which resulted in the holder holding beneficial interests in the Shares; and
  - (D) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP,

does not exceed \$30,000.00. The \$30,000 limit applies irrespective of the number of Shares you hold on the Record Date.

The Company reserves the right, to reject any application for new Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements:

- (2) you are an Eligible Shareholder and you are not a person to whom it would be illegal to make an offer or issue of SPP Shares under the SPP;
- (3) you have read the terms and conditions set out in this Prospectus in full and agree that your application is made in accordance with the terms and conditions set out in the Prospectus;
- (4) you declare that all statements in your Application Form are true and complete and not misleading;
- (5) you accept that your application is irrevocable and unconditional (i.e. it cannot be withdrawn);
- (6) as at the Record Date, you were recorded on the Company's share register as being a registered holder of Shares and having an address in Australia or New Zealand;
- (7) you authorise the Company (and its offers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- (8) you acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with the terms and conditions set out in this Prospectus, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (9) you agree that where you have previously provided the Company or its share registry with bank account details, any refund to be paid to you under

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these terms and conditions may be direct credited into that nominated account;

- (10) you accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on the Company's register;
- (11) you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (12) you agree to be bound by the constitution of the Company (as amended and as it may be amended from time to time in the future);
- (13) you acknowledge that the Company has not provided you with investment advice or financial product advice, and that it does not have any obligation to provide this advice, concerning your decision to apply for and buy SPP Shares under the SPP;
- (14) you acknowledge that the Company is not liable for any exercise of its discretions referred to in this Prospectus; and
- (15) you are not in the United States (including nominees or custodians acting for the account or benefit of a person in the United States) and are not otherwise a person to whom it would be illegal to make an offer or issue SPP Shares under the SPP, other than if you are or are acting for an investor who purchases the SPP Shares in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (16) you acknowledge that the SPP Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside of Australia; and
- (17) you have not and will not send any materials relating to the SPP to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States unless such person is an investor who purchases the SPP Shares in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

(g) **Custodians, trustees and nominees**

Eligible Shareholders who are Custodians may participate in the Share Purchase Plan on behalf of:

- (1) one or more persons that are not Custodians on whose behalf the Custodian is holding Shares; or
- (2) a person, on whose behalf, another Custodian (**Downstream Custodian**) holds beneficial interests in Shares in the Company and the Custodian holds the Shares to which those beneficial interests relate, on behalf of the Downstream Custodian or another Custodian,

(each a **Participating Beneficiary**).

If you are a Custodian holding Shares on behalf of two or more persons jointly, the joint beneficiaries will be taken to be a single Participating Beneficiary for the purposes of these terms and Conditions.

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If you are a Custodian and hold Shares on behalf of one or more Participating Beneficiaries, you may apply for up to a maximum of \$30,000 worth of new Shares for each Participating Beneficiary subject to providing the Company with a Custodian Certificate (included for Custodians with this Prospectus), in addition to the Application Form, certifying the following:

- (1) that, as at the Record Date, either or both of the following:
  - (A) you hold Shares on behalf of one or more Participating Beneficiaries that are not Custodians;
  - (B) a Downstream Custodian holds a beneficial interest in Shares on behalf of one or more Participating Beneficiaries, and you hold the Shares on behalf of the Downstream Custodian or another Custodian,and each Participating Beneficiary has subsequently instructed the following person to apply for new Shares on their behalf pursuant to the Share Purchase Plan:
  - (C) where paragraph (1)(A) applies, you as the Custodian; and
  - (D) where paragraph (1)(B) applies, the Downstream Custodian;
- (2) the number of Participating Beneficiaries;
- (3) the name and address of each Participating Beneficiary for whom the Custodian applies for new Shares;
- (4) in respect of each Participating Beneficiary:
  - (A) where paragraph (1)(A) applies, the number of Shares in the Company that you hold on behalf of the Participating Beneficiary; and
  - (B) where paragraph (1)(B) applies, the number of Shares in the Company to which the beneficial interests relate;
- (5) in respect of each Participating Beneficiary,
  - (A) where paragraph (1)(A) above applies, the number or dollar amount of new Shares the Participating Beneficiary has instructed you to apply for on their behalf; and
  - (B) where paragraph (1)(B) applies, the number or dollar amount of new Shares the Participating Beneficiary has instructed the Downstream Custodian to apply for on their behalf;
- (6) that there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$30,000:
  - (A) the new Shares applied for by you as Custodian under the Share Purchase Plan in accordance with the Instructions in paragraph (5); and
  - (B) any other Shares in the Company issued to you as Custodian in the 12 months prior to the date of submission of the Application Form as a result of an instruction given by them to you as Custodian or a

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Downstream Custodian to apply for Shares under an arrangement similar to the Share Purchase Plan operated by the Company;

- (7) that a copy of the written offer document was given to each Participating Beneficiary; and
- (8) where paragraph (1)(B) applies, the name and address of each Custodian who holds beneficial interests in Shares held by the Custodian in relation to each Participating Beneficiary.

For the purposes of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 you are a 'custodian' if you are a person who provides a custodial or depository service in relation to shares of a body or interests in a registered scheme and who:

- (1) holds an Australian financial services licence covering the provision of a Custodial or Depository Service;
- (2) is exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service;
- (3) holds an Australian financial services licence covering the operation of an IDPS (as defined in Instrument 2019/547) or is the responsible entity of an IDPS-like scheme;
- (4) is a trustee of a:
  - (A) Self-managed Superannuation Fund; or
  - (B) superannuation master trust (as defined in Instrument 2019/547); or
- (5) that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined in Instrument 2019/547, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings apply.

Custodians should have received a Custodian Certificate with the Prospectus. If you are a Custodian and you did not receive a Custodian Certificate or would like further information on how to apply, you should contact the Share Registry.

The Company reserves the right to reject any application for SPP Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with the terms and conditions set out in this Prospectus.

## (h) **Non-residents**

The right to participate in this offer under the SPP is available exclusively to persons who were registered as holders of Shares at 7.00pm (AEDT) on the Record Date and whose registered address was in Australia or New Zealand. Eligible Shareholders who are not residents of Australia should consult their professional advisers as to whether any formalities need to be observed (either by them or the Company) to enable them to apply for Shares. It is the responsibility of



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such Eligible Shareholders to obtain all necessary approvals so they may legally apply for Shares.

The return of a completed Application Form and accompanying application amount, or the forwarding of payment of the application amount using BPAY from a non-resident Eligible Shareholder will be taken by the Company to constitute a representation and warranty by that Eligible Shareholder that all relevant approvals have been obtained and that the Company may legally offer the Shares to that Eligible Shareholder.

(i) **Board's discretion**

The Board reserves the right to reject any application for SPP Shares (in whole or in part) including (without limitation) if:

- (1) an Application Form is not correctly completed;
- (2) the Applicant is not an Eligible Shareholder;
- (3) the issue of those SPP Shares would contravene any law or the Listing Rules;
- (4) the exact payment for the SPP Shares applied for is not received;
- (5) to accept the application in full would have the effect of exceeding the maximum offer of SPP Shares under the SPP;
- (6) it is not reasonably satisfied that the issue of those SPP Shares will not result in any person receiving Shares in the Company with an application price totalling more than \$30,000 as a result of:
  - (A) Shares issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian or a Downstream Custodian to apply for Shares on their behalf) under the SPP; and
  - (B) any other Shares in the Company issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian or a Downstream Custodian to apply for ordinary shares in the Company on their behalf) under an arrangement similar to the SPP operated by the Company in the 12 months prior to the application,  
  
except to the extent that the person is issued with SPP Shares or interests as a Custodian under a custodian offer;
- (7) the Applicant is a Custodian and has failed to provide the Company with a Custodian Certificate; or
- (8) the Applicant has not otherwise complied with the terms and conditions set out in this Prospectus.

The Board reserves the right to allocate fewer, or no, SPP Shares than an Eligible Shareholder applies for under the SPP, including, without limitation, in the event that the SPP is oversubscribed at its sole discretion.

In respect of application monies received from an Eligible Shareholder, the Company will, prior to the Issue Date, determine the maximum number of SPP

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Shares rounded down to the nearest whole number which may be acquired by any Eligible Shareholder.

The allocation of SPP Shares will be determined by the Board at its sole discretion.

The Board may change or terminate the SPP at any time prior to the Issue Date. If the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the SPP, or the non-receipt of any such notice, will not invalidate the change or termination.

In addition to any rights of the Directors to reject applications as set out above and without limiting the above, the Company may issue to any person fewer or no SPP Shares than the person applied for under the Share Purchase Plan if the issue of the SPP Shares applied for would contravene any applicable law or the Listing Rules.

## (j) **Scale Back**

The Directors reserve the right to allocate fewer, or no, SPP Shares than an Eligible Shareholder applies for under the Share Purchase Plan, including, without limitation, in the event that the Share Purchase Plan is oversubscribed at their sole discretion (**Scale Back**). If there is a Scale Back, you may receive fewer than the parcel of SPP Shares for which you applied. If a Scale Back produces a fractional number of shares when applied to your parcel, the number of SPP Shares you will be issued will be rounded down to the nearest whole number of Shares. In the event of a Scale Back, the difference between the Application Amount received by the Company and the number of Shares that will be issued to you multiplied by the issue price, will be refunded to you.

If there is a consolidation or re-organisation of the issued share capital of the Company prior to the Closing Date, the maximum number of Shares to be issued pursuant to and in accordance with the Plan shall be consolidated or re-organised (as the case may be) in the same ratio as the issued capital of the Company.

## (k) **Shortfall**

If the amount raised under the SPP Offer is less than \$1,500,000 (and less than 37,500,000 SPP Shares are applied for and issued), the SPP Shortfall may be placed at the discretion of the Directors.

The Shortfall Offer is a separate offer to the SPP Offer and will be made pursuant to this Prospectus. The Shortfall Offer will close on **13 March 2020** (or such shorter or longer period as determined by the Directors).

### 5.3 **Shortfall Offer – How to Apply**

Investors who wish to apply for Shortfall Shares must lodge their Application Form by the Closing Date for the Shortfall Offer, **5.00pm (AEDT) on 13 March 2020**.

The completed Application Form and cheque or bank draft for the total amount payable to subscribe for the Shortfall Offer must be mailed or delivered to the Company at the below address:

Lake Resources N.L.  
Level 5  
126 Phillip Street  
Sydney NSW 2000

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Cheques and bank drafts, in **Australian currency**, should be made payable to “Lake Resources N.L.” and crossed “not negotiable”.

Application Forms and accompanying cheques or bank drafts may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

Application monies will be held in trust in a subscription account until allotment of the Shortfall Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the application monies will be retained by the Company irrespective of whether allotment takes place.

## 5.4 **Opening and Closing Dates**

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close any Offers early, extend the Closing Date for any Offer or to withdraw any Offer at any time prior to issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

## 5.5 **Issue**

SPP Shares and Shortfall Shares issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and indicative timetable set out at the commencement of this Prospectus.

Holding statements for the SPP Shares and Shortfall Shares issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out in section 2 of this Prospectus and in any event, as soon as practicable after their issue.

## 5.6 **Minimum subscription**

There is no minimum subscription under the SPP Offer or the Shortfall Offer. The minimum parcel of Shares which an Eligible Shareholder may apply for under the Offers is \$1,000, being 25,000 Shares.

## 5.7 **ASX listing**

Application for Official Quotation of the Shares pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If the ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC), the Company will not issue any Shares.

The fact that the ASX may grant Official Quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered.

## 5.8 **No underwriting**

The Offers are not underwritten.

## 5.9 **Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing certificates for SPP Shares or Shortfall Shares the subject of this Offer to investors. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

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Electronic registers mean that the Company will not be issuing certificates for Shares the subject of the SPP Offer or the Shortfall Offer to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## 5.10 Enquiries

If you are an Eligible Shareholder and have any questions in relation to the SPP Offer please contact your stockbroker or professional adviser. If you have questions in relation to how to complete the Application Form, please contact the Company on +61 9188 7864.

# Prospectus

## 6. Director and management information

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### 6.1 The Directors

The Directors bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Each Director has confirmed that he anticipates being available to perform his duties as a Non-Executive Director or Executive Director, as the case may be, without undue constraints from other commitments.

The Board considers that Stuart Crow, Dr Nicholas Lindsay and Dr Robert Trzebski are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and are able to fulfil the role of an Independent Director for the purposes of the Corporate Governance Principles and Recommendations.

Stephen Promnitz is not currently considered by the Board to fulfil the role of Independent Directors due to his executive position with the Company.

The following persons are directors of the Company as at the date of this Prospectus:

<b>Name</b>	<b>Geoffrey Stuart Crow</b>
<b>Title</b>	Non-Executive Chairman
<b>Experience and Expertise</b>	Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses
<b>Other current directorships</b>	Non-Executive Director Todd River Resources LTD (ASX:TRT) Non-Executive Director Ironridge Resources Limited (AIM:IRR)
<b>Former directorships (last 3 years)</b>	Non-Executive Director TNG Limited (ASX:TNG) Chairman Bryah Resources Limited (ASX:BYH)
<b>Name</b>	<b>Stephen Promnitz</b>
<b>Title</b>	Managing Director
<b>Experience and expertise</b>	Mr Promnitz has considerable technical and commercial experience in Argentina, a geologist fluent in Spanish, and a history of exploring, funding and developing projects. Mr Promnitz has previously been CEO and 2IC of mid-tier listed mineral explorers and producers (Kingsgate Consolidated, Indochine Mining), in corporate finance roles with investment banks (Citi, Westpac) and held technical, corporate and management roles with major mining companies (Rio Tinto/CRA, Western Mining).

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<b>Other current directorships</b>	None
<b>Former directorships (last 3 years)</b>	None
<b>Name</b>	<b>Dr Nicholas Lindsay</b>
<b>Title</b>	Non-Executive Director
<b>Experience and expertise</b>	<p>Dr Lindsay has extensive experience in Argentina, Chile and Peru in technical and commercial roles in the resources sector with major and mid-tier companies, as well as start-ups. Dr Lindsay has an BSc (Hons) degree in Geology, a PhD in Metallurgy as well as an MBA. A fluent Spanish speaker, he has successfully taken companies in South America, such as Laguna Resources which he led as Managing Director, from inception to listing, development and subsequent acquisition. Dr Lindsay is currently CEO of Valor Resources, and previously held the position of President – Chilean Operations for Kingsgate Consolidated Ltd and is a member of the AusIMM and the AIG</p>
<b>Other current directorships</b>	Valor Resources (since 2018)
<b>Former directorships</b>	None
<b>Name</b>	<b>Dr Robert Trzebski</b>
<b>Title</b>	Non-Executive Director
<b>Experience and expertise</b>	<p>Dr. Trzebski is currently Chief Operating Officer of Austmine Ltd and holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 30 years professional experience in project management and mining services.</p> <p>He has considerable operating and commercial experience in Argentina and Chile, as a Non-Executive Director of Austral Gold since 2007, listed on the ASX and TSX-V and is Chairman of the Audit and Risk Committee. His role with Austmine has allowed him to develop considerable contacts across the operating and technology space of the global resources industry. Dr. Trzebski is also a fellow of the Australian Institute of Mining and Metallurgy and is fluent in Spanish, French and German as well as English</p>
<b>Other current directorships</b>	Austral Gold since 2007 (ASX: AGD)
<b>Former directorships</b>	None

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## 6.2 Senior Management

<b>Name</b>	<b>Garry Gill</b>
<b>Position</b>	Chief Financial Officer and Co-Company Secretary
<b>Experience and Expertise</b>	A chartered accountant with more than 30 years' experience in all facets of corporate, financial and administrative functions, Mr Gill has served in a range of positions including as CFO, company secretary and other senior executive positions for a number of listed and unlisted public companies. These have included serving as finance director and company secretary of Jupiters Limited, CFO/Corporate Services Manager of South Bank Corporation in Brisbane, before forming a consultancy service for small cap ASX companies over the last decade. He has delivered improved strategic analysis and financial management, streamlined budgets, refinancing, and stakeholder management of small/mid cap resource companies.
<b>Name</b>	<b>Sinead Teague</b>
<b>Position</b>	Co-Company Secretary
<b>Experience and Expertise</b>	Ms Teague has over 10 years' experience within company secretarial roles in Australia and Ireland. Ms Teague works with a varied portfolio of ASX listed companies across technology, mining, financial and communications industries as well as providing company secretarial services for other large public unlisted, private and not-for-profit entities. Ms Teague holds a Masters in Management and Corporate Governance and a degree in Law with Government and is an associate member of the Governance Institute having qualified as a Chartered Company Secretary through the ISCA (now Governance Institute).

# Prospectus

## **7. Effect of the Offers**

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### **7.1 Effect of the Offer on the Capital Structure**

The principal effect of the SPP Offer, assuming all of the SPP Shares and/or Shortfall Shares offered under the Prospectus are issued, will be the issuance of up to 37,500,000 new Shares.

The principal effect of the Placement will be this issuance of 50,000,000 new Shares, assuming all Shares are issued to the Placement investors.

The principal effect of the Termination Deed will be the issuance of 11,558,021 new Shares to the Convertible Securities Holder.

### **7.2 Effect on Balance Sheet**

The SPP Shares and Shortfall Shares issued pursuant to this Prospectus will be issued for \$0.04 each. If all of the Shares are issued under the SPP Offer (and Shortfall Offer where applicable), this will raise up to \$1,500,000. Based on the binding commitments received from Placement Investors, if all Shares are issued under the Placement (at an issue price of \$0.04 each), this will raise up to \$2,000,000. Accordingly, the SPP Offer and the Placement will increase the Company's balance sheet by a total of \$1,346,000 after deducting the costs of the Offers which are estimated to be approximately \$194,385 (including GST) and after payment of the Cash Portion under the Termination Deed, being \$1,959,615 (as set out in section 10.6). The Company's balance sheet will be further increased to approximately \$1,946,000 (assuming the SPP Offer is fully subscribed) as a result of the \$600,000 short term unsecured facilities recently finalised by the Company.

The Company's Annual Report for the financial year ended 30 June 2019 was released to the ASX on 25 October 2019. The Annual Report can be viewed at [lakeresources.com.au](http://lakeresources.com.au) and at [www.asx.com.au](http://www.asx.com.au).

The Company's latest Quarterly Cash Flow Report and Quarterly Activities Report were released to the ASX on 31 January 2020. These reports can be reviewed at [lakeresources.com.au](http://lakeresources.com.au) and at [www.asx.com.au](http://www.asx.com.au).

Additional information, including copies of the ASX releases and investor presentations, is also available on the Company's website.

This section sets out the historical and pro-forma financial information of the Company. The basis for the preparation and presentation of this information is also set out below.

The financial information has been prepared by management and adopted by the Board. The Board is responsible for the inclusion of all financial information in the Prospectus.

The historical and pro-forma financial information has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards. The historical and pro-forma financial information comprises financial information of the Company. The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosure and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The information in section 7.2 has been provided for investors to gain an indication of the effect of the SPP Offer (and also includes the effect of the issue of Shares under the Placement to the Placement Investors, the issue of the Share Portion and payment of the Cash Portion to the Convertible Securities Holder under the Termination Deed) on the Company. It does not necessarily illustrate the future financial performance of the Company because past performance is not a guide to future performance.



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## (a) **Historical Financial Information**

The historical financial information for the Company set out below comprises the audited Statement of Financial Position as at 30 June 2019. The historical financial information has been extracted from the audited Company's Financial Statements for the financial year ended 30 June 2019.

## (b) **Pro-forma Financial Information**

The pro-forma financial information for the Company set out below comprises the unaudited Pro-Forma Statement of Financial Position as at 30 June 2019 based on completion of the Offers.

The unaudited Pro-Forma Statement of Financial Position has been derived from the audited Statement of Financial Position as at 30 June 2019 adjusted for the following transactions as if they had occurred at 30 June 2019 (pro-forma transactions):

- (1) Convertible Securities pre-Early Termination – the following adjustments were made to reflect the change in status of convertible securities in the Company since 30 June 2019 which occurred separately to the SPP, Placement and Termination Deed:
  - (A) Final repayment of \$472,502 relating to 9,900,000 unsecured convertible securities outstanding at 30 June 2019;
  - (B) Conversion of convertible securities held by SBI Investments (PR) LLC totalling \$550,000;
  - (C) Further drawdown of \$1,650,000 Convertible Securities to receive \$1,455,000 in cash;
  - (D) Interest and fee adjustments of \$164,924 to recognise the repayment of the face value of the outstanding Convertible Securities.
- (2) Placement:
  - (A) the issue of 50,000,000 Shares being issued pursuant to the Placement at an issue price of \$0.04 per Share to raise \$2,000,000 before expenses. All Shares issued pursuant to this Placement will be issued as fully paid. This assumes the maximum number of Shares are issued under the Placement;
- (3) Convertible Securities Early Termination:
  - (A) the issue of 11,558,021 Shares to the Convertible Security Holder pursuant to the Termination Deed. All Shares issued pursuant to the Termination Deed will be issued as fully paid;
  - (B) the payment of the Cash Portion to the Convertible Security Holder under the Termination Deed in the amount of \$1,959,615; and
- (4) SPP:
  - (A) the issue of 37,500,000 Shares being issued pursuant to the SPP at an issue price of \$0.04 per Share to raise \$1,500,000 before expenses. All Shares issued pursuant to this Prospectus will be issued as fully paid. This assumes the maximum number of Shares are issued under the SPP;

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- (B) the payment of the costs associated with the Offer and the Placement as disclosed in section 4.8 being \$194,385 (including GST).

For completeness it is noted that no adjustment has been made to the unaudited Pro-Forma Statement of Financial Position in respect of the \$600,000 short term unsecured facilities recently finalised by the Company.

## **Historical and Pro-forma Consolidated Statements of Financial Position**

To illustrate the effect of the issue on the Company, the pro-forma consolidated balance sheet has been prepared based on the audited Statement of Financial Position as at 30 June 2019.

The pro-forma balance sheet shows the effect of the SPP Offer as if the SPP Offer (under this Prospectus) had been made on 30 June 2019. The pro-forma balance sheet assumes that the SPP Offer is fully subscribed, the Shares under the Placement Shares are issued and the Shares are issued to the Convertible Securities Holder under the Termination Deed and the Cash Portion paid (and accordingly the Convertible Securities Facility is closed-out).

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the year ended 30 June 2019.

The significant effects of the SPP Offer, Placement and Termination Deed (assuming the SPP Offer is fully subscribed) will be to:

- (a) increase cash reserves by a net amount of approximately \$1.346 million (after paying the cash component of redeeming the convertible notes of \$1.95 million (with \$1.45 million being funded by the Placement and the balance \$0.5 million being funded from existing cash and debt reserves) and cash expenses of the Offer which are estimated to be \$194,385 inclusive of GST);
- (b) increase the number of issued ordinary shares by 99,058,021 to 628,590,107.

The Company's cash reserves will be further increased to approximately \$1.946 million (assuming the SPP Offer is fully subscribed) as a result of the 600,000 short term unsecured facilities recently finalised by the Company. As noted above the unaudited Pro-Forma Statement of Financial Position has not been adjusted for these short term unsecured facilities.

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	At 30 June 2019	(1) Convertible Securities pre-Early Termination	(2) Placement	(3) Convertible Securities Early Termination	(4) SPP	Proforma 30 June 2019
	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	1,725,366	982,498	2,000,000	(1,959,615)	1,305,615	4,053,864
Trade and other receivables	151,679	-	-	-	-	151,679
Other current assets	54,687	-	-	-	-	54,687
<b>Total Current Assets</b>	<b>1,931,732</b>	<b>982,498</b>	<b>2,000,000</b>	<b>(1,959,615)</b>	<b>1,305,615</b>	<b>4,260,230</b>
<b>NON CURRENT ASSETS</b>						
Investments accounted for using the equity method	35	-	-	-	-	35
Property, plant and equipment	1,198	-	-	-	-	1,198
Exploration and evaluation	13,312,658	-	-	-	-	13,312,658
<b>Total non-Current Assets</b>	<b>13,313,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,313,891</b>
<b>TOTAL ASSETS</b>	<b>15,245,623</b>	<b>982,498</b>	<b>2,000,000</b>	<b>(1,959,615)</b>	<b>1,305,615</b>	<b>17,574,121</b>
<b>CURRENT LIABILITIES</b>						
Trade and other payables	1,320,203	-	-	-	-	1,320,203
Borrowings	1,428,078	792,422	-	(2,220,500)	-	-
Employee benefits	55,492	-	-	-	-	55,492
<b>Total Current Liabilities</b>	<b>2,803,773</b>	<b>792,422</b>	<b>-</b>	<b>(2,220,500)</b>	<b>-</b>	<b>1,375,695</b>
<b>TOTAL LIABILITIES</b>	<b>2,803,773</b>	<b>792,422</b>	<b>-</b>	<b>(2,220,500)</b>	<b>-</b>	<b>1,375,695</b>
<b>NET ASSETS</b>	<b>12,441,850</b>	<b>190,076</b>	<b>2,000,000</b>	<b>260,885</b>	<b>1,305,615</b>	<b>16,198,426</b>

## 7.3 Effect on capital structure

The effect of the SPP Offer, the Placement and the Termination Deed on the capital structure of the Company, assuming the SPP Offer is fully subscribed and all Shares are issued under the Placement and the Termination Deed, is set out below:

### Shares

	Number	% interest in share capital
Shares currently on issue (as at the date of the Prospectus)	529,532,086	84.2%
Shares offered pursuant to the SPP and Shortfall Offers <sup>1</sup>	37,500,000	6.0%
Shares to be issued under the Placement <sup>2</sup>	50,000,000	8.0%
Shares to be issued under the Termination Deed	11,558,021	1.8%
<b>Total Shares on issue after completion of the above<sup>3</sup></b>	<b>628,590,107</b>	<b>100%</b>

1 This assumes that the maximum number of SPP Shares are issued.

2 This assumes that all of the Placement Shares are issued.

3 This assumes that none of the options currently outstanding are exercised.

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## Options

As no Options are being issued as part of the SPP Offer, the Placement or the Termination Deed, assuming no Options currently outstanding are exercised, the Company will have the following Options on issue:

	Number	Exercise Price	% interest in Options
Listed Options currently on issue (expiring 15 June 2021)	52,512,693	\$0.10	52.1%
Unlisted Options (expiring 31 December 2020)	9,500,000	\$0.28	9.4%
Unlisted Options (expiring 28 February 2022)	5,555,000	\$0.08	5.5%
Unlisted Options (expiring 30 July 2021)	15,000,000	\$0.09	14.9%
Unlisted Options (expiring 28 October 2022)	18,300,000	\$0.046	18.1%
<b>Total Options on issue after completion of the above <sup>1</sup></b>	<b>100,867,693</b>		<b>100%</b>

<sup>1</sup> This assumes that none of the options currently outstanding are exercised.

The capital structure on a fully diluted basis:

- (a) as at the date of this Prospectus is 630,399,779 Shares (assuming the Convertible Notes are not converted into Shares); and
- (b) on completion of the SPP Offers assuming the SPP Shares are fully subscribed for and all Shares are issued under the Placement and the Termination Deed would be 729,457,800 Shares.

## Convertible Securities

As at the date of this Prospectus, the Company currently has 2,220,500 Convertible Securities on issue, reflecting the face value of the Convertible Securities. As set out in section 4.3, the Company has entered into a Termination Deed with the Convertible Securities Holder for the termination of the Convertible Securities Facility. The Termination Deed requires the Company to, amongst other matters:

- (a) make a cash payment of \$1,959,615 to the Convertible Securities Holder to be paid on or before 14 February 2020 date (**Cash Portion**); and
- (b) issue Convertible Securities Holder 11,558,021 Shares (which constitutes both a reduction of the principal amount owing and an equity based early termination fee) on or before 11 February 2020 (**Share Portion**).

Assuming the Company satisfies the terms of the Termination Deed and accordingly the Convertible Securities Facility is terminated, there will be no Convertible Securities on issue by the Company on and from the date that all conditions are satisfied under the terms of the Termination Deed.

However, if the Company fails to issue the Share Portion to the Convertible Securities Holder by 11 February 2020 and/or fails make payment of the Cash portion by 14 February 2020, the Termination Deed will be of no further force and effect and the Convertible Securities Agreement will continue to be in effect on the original terms announced to the market on 28 February 2019. In these circumstances, the Company will have 2,220,500 Convertible Securities on issue. Alternatively, if the Company issues the Share Portion but fails to pay the Cash Portion, the Company will have 1 970 500 Convertible Securities on issue.

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## 7.4 Existing Options

The Company currently has on 52,512,693 listed Options and 48,355,000 unlisted Options to subscribe for Shares on issue. The holders of the existing options are not entitled to participate in the Share Purchase Plan unless they were an Eligible Shareholder on the Record Date.

As such, holders of existing options need not take any steps in respect of the Offers in their capacity as holders of the existing options. There will be no adjustment to the terms of the existing options as a result of the Offers.

## 7.5 Effect on control

The issue of the SPP Shares are not anticipated to have an effect on the control of the Company given that each Eligible Shareholder is limited to applying for a maximum of \$30,000 worth of SPP Shares.

The issue of the Placement Shares are not anticipated to have an effect on the control of the Company as no participant will hold a relevant interest in excess of 5% of the issued capital of the Company following the issue of the Placement Shares the SPP Shares and the Shares to the Convertible Securities Holder

As at the date of this Prospectus, the Convertible Securities Holder does not hold any Shares in the capital of the Company. The issue of the Share Portion to the Convertible Securities Holder will result in the Convertible Securities Holder having a relevant interest in 2% of the Company's issued capital (assuming the SPP Shares and Placement Shares are issued).

The substantial Shareholders are listed below in section 7.6. If these Shareholders hold any Options and subsequently choose to exercise the Options, it may affect their overall percentage shareholding. The final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they participate in the SPP Offer and any subsequent exercise of Options.

## 7.6 Details of substantial holders

At the date of this Prospectus, the Company is of the view that there is no single entity that controls the Company.

Ms Justine Michel was, in the six-month period prior to the issue of this Prospectus, a substantial shareholder of the Company. Set out below is the number of shares currently held by Ms Michel and the corresponding % interest in the Company as at the date of this Prospectus. In addition, the table below sets out the maximum percentage increase in the Company if (a) that substantial shareholder applies for and is issued the maximum 750,000 SPP Shares (\$30,000 worth) under the SPP Offer and (b) no other Shares are issued under the SPP but all Shares under the Placement and Termination Deed are issued:

Shareholder	Current Shares	Current % interest	Maximum % increase if full \$30,000 of SPP Shares are issued and no other Shares issued under the Offers <sup>1</sup>
Ms Justine Michel (Lambrecht Investment Trust)	26,372,563	4.98%	4.58%

**Note:**

1. Assumes all Shares under the Placement and Termination Deed are issued.

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The top 20 Shareholders of the Company as at 7 February 2020 are as follows:

No	Name	Number of Ordinary Fully Paid Shares	% Held of Issued Ordinary Capital
1.	MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C>	26,372,563	4.98%
2.	MR STEPHEN PROMNITZ	15,381,293	2.90%
3.	202 LIMITED	15,075,152	2.85%
4.	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	15,000,000	2.83%
5.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,948,806	2.26%
6.	RAYMOND JAMES <JAMES SUPERANNUATION FUND A/C>	10,119,046	1.91%
7.	CITICORP NOMINEES PTY LIMITED	9,778,618	1.85%
8.	WILLATON PROPERTIES PTY LTD	9,610,221	1.81%
9.	MR DANIEL RUBEN BONAFEDE	9,500,000	1.79%
10.	OUTBACK FORMWORK PTY LTD <WILLATON SUPER FUND A/C>	8,717,364	1.65%
11.	MR SIMON JAMES KALINOWSKI	8,589,469	1.62%
12.	MR ADAM FURST	7,560,092	1.43%
13.	FLUID INVESTMENTS PTY LTD	6,880,118	1.30%
14.	MR ANDREW STEPHEN WILLIAM BROWN & MR IAIN RAYMOND BROWN <BROWNASW SUPERFUND A/C>	6,842,507	1.29%
15.	JETAN PTY LTD	6,666,667	1.26%
16.	MR LUCAS JAMES CAVANAGH	6,240,752	1.18%
17.	M & E EARTHMOVING PTY LTD	6,015,037	1.14%
18.	MS AINSLEY RUTH WILLIAMS	5,722,618	1.08%
19.	MYOORA PTY LTD	4,258,940	0.80%
20.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,230,655	0.80%
	<b>TOTAL SHAREHOLDING (Top 20)</b>	<b>194,509,918</b>	<b>36.73%</b>
	<b>TOTAL ISSUED SHARES</b>	<b>529,532,086</b>	<b>100.00%</b>

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## 8. Rights and liabilities attaching to securities

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### 8.1 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to SPP Shares and Shortfall Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and any other laws.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any special rights or restrictions (at present there are none), at any Shareholder meeting, each Shareholder present in person or by proxy has one vote on a show of hands. On a poll, a holder of fully paid Shares has one vote for each share held and the holder of a partly paid share has a voting entitlement to the proportion which the amount paid is of the total amounts paid and payable.

(c) Dividend rights

Subject to any special rights (at present there are none), all dividends that may be declared by the Company are payable on all fully-paid Shares and partly paid Shares in proportion to the amount paid (not credited).

(d) Winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among the Shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders (or different classes of shareholders),

but may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

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## (f) Transfer of Shares

Subject to the Constitution, the Corporations Act and other relevant laws, the Shares may be transferred by market transfer in accordance with a computerised or electronic system established or recognised under the Listing Rules or the Corporations Act, and by instrument in writing.

The Directors may decline to register a transfer of Shares where:

- the Listing Rules permit the Company to do so;
- the Listing Rules require the Company to do so; or
- the transfer is in breach of the Listing Rules or any escrow agreement relating to “restricted securities” (defined under the Listing Rules) entered into by the Company under the Listing Rules.

## (g) Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to the Corporations Act, the Listing Rules and the Company’s Constitution, the Directors may issue shares on such terms and conditions as they determine.

## (h) Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

## (i) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## (j) ASX Listing Rules

As the Company is already admitted to the Official List of the ASX, the following clauses apply despite the provisions of the Company’s Constitution:

- notwithstanding anything contained in the Company’s Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- nothing contained in the Company’s Constitution prevents an act being done that the Listing Rules require to be done;
- if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- if the Listing Rules require the Company’s Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;
- if the Listing Rules require the Company’s Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and



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- if any provision of the Company's constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

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## 9. Risks

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### 9.1 Risk factors

#### (a) Introduction

This section identifies the risks that the Board considers are the major risks associated with an investment in the Company. The list of risks below is in no way exhaustive and there may be other risks (either general or specific) that have not been identified. Investors should consider whether the SPP Offer is a suitable investment having regard to their own personal investment objectives and financial circumstances, and the risk factors set out below.

The Company's business is subject to a high degree of risk due to a number of factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. The Company has appropriate actions, systems and safeguards for known risks, however some are outside the Company's control.

The SPP Offer and any Shares issued under this Prospectus should be considered highly speculative.

### 9.2 General Risks

A summary of the major general risks are described below:

#### (a) Share Market Risk

The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the resources sector and exploration companies, including periods of positive or negative investor sentiment towards the lithium sector. The Shares under the SPP and in general carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

#### (b) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, tax reform, industrial disruption, terrorism or other hostilities and other economic factors. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

#### (c) Share price fluctuations

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market, including periods of high volatility and limited liquidity. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices.

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(d) Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

(e) Litigation risks

Litigation risks to the Company include, but are not limited to, employee claims, contractual claims, environmental claims, occupational health and safety claims, regulatory disputes, legal actions from special interest groups, as well as third party damage or losses resulting from operations.

(f) Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

## 9.3 Risks specific to the SPP Offer

The SPP Offer entitles an Eligible Shareholder to subscribe for a Share at a price of \$0.04. As Shares are readily available on the market, there is a risk that the Company's share price may fall below the Issue Price. The Company does not make any assurance as to the market price of Shares and there can be no certainty that Shares in the Company will trade at or above the SPP Offer price of \$0.04 per SPP Share following the Issue Date. Shareholders should seek their own financial advice in relation to, and participation in, the SPP.

## 9.4 Risks specific to the SPP Offer Shares

The Company is listed on ASX and is therefore subject to the market forces that influence the broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the continuing threat of terrorism and the global financial climate and the sentiment toward the resources sector, may cause share price fluctuations in the Australian share market and globally. Fluctuations in the price of the Shares are a key risk for recipients of Shares under the SPP Offer.

## 9.5 Risks specific to an investment in the Company

In addition to the general market and economic risks noted in section 9.2, Applicants should be aware of risks specific to a mining company, which may include, but are not limited to those risks described below.

(a) Termination of the Convertible Securities Agreement

The Company has entered into a deed for the termination of the Convertible Securities Agreement. As at the date of this Prospectus, the Company considers it will be able to comply with its obligations under the Termination Deed. However, there is a risk that the Company may not be able to meet its obligations within the time prescribed under the Termination Deed resulting in the Convertible Securities Agreement continuing to remain in effect. This may have an adverse effect on the Share Price of the Company.

(b) Placement

While the Company has received binding agreements from the Placement Investors, there is a risk that those third parties may not comply with their obligations under the placement agreements. Accordingly, there is a risk that the Company may not receive

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the funds necessary to close out the Convertible Securities Agreement or carry out its other objectives. This may have an adverse effect on the Share Price of the Company.

(c) Operational Risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological conditions, environmental hazards, technical and equipment failures, flooding and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, difficulty causing delays in drilling, unexpected shortages of consumables or parts, difficulties in transport and operations of the pilot plant and equipment, fire, explosions and other incidents beyond control of the Company.

(d) Political

The Company's operations could be affected by changes in the economic or other policies of the Government of Argentina or other political, regulatory or economic authorities of Argentina including the provinces where the assets are located. Argentina is presently a relatively stable democracy but the Company cannot guarantee access, surety of title and tenure of its Argentine based assets. Argentina, and the provinces where the assets are located, have historically experienced significant changes regarding project approvals, fiscal regimes for the resources sector and legislation affecting imports/exports and currency exchange rates.

(e) Emerging Market

Argentina is considered to be an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability more so than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results. These risks include:

- (1) currency fluctuations and devaluations;
- (2) inflation;
- (3) exchange controls;
- (4) high interest rates;
- (5) wage and price controls;
- (6) economic and political instability;
- (7) the imposition of trade barriers
- (8) expropriation and political violence or disturbance; and
- (9) changes in economic, tax and other policies.

In addition, economic conditions in Argentina are, to some extent, influenced by economic and securities market conditions in other emerging market countries.

Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Argentina. There can be no assurance that the economic conditions in Argentina will not continue to be affected negatively by events elsewhere, especially in emerging markets.

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(f) Community issues

Parts of Argentina are sensitive to community issues, indigenous issues and the need to create employment and the authorities in some regions are politically not pro-investment but rather sympathisers of populist claims of organised groups and with anti-mining attacks and anti-development themes. Risk factors to be considered include the nationwide protests and demonstrations over the past years.

(g) Environmental Regulation and Risks

The operations and proposed activities of the Company are subject to laws and regulations in Argentina concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, complying with environmental laws may be difficult, costly and result in delays to any project activities.

(h) Government Policy and Taxation

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia (at both Federal and State level), may have an adverse effect on the assets, operations and ultimately the financial performance of the Company. These factors may ultimately affect the financial performance of the Company and the market price of its securities.

In addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

(i) Reliance on Key Personnel and Consultants

Whilst the Company has a small senior management and consultant technical team, its progress in pursuing its exploration and evaluation programmes within the time frames and within the costs structure as currently envisaged could be dramatically influenced by the loss of key personnel or consultants. The resulting impact from such loss would be dependent upon the quality and timing of the replacement of such personnel or consultants.

Although the key personnel and consultants of the Company have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring, evaluating and developing mineral prospects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

(j) Financing

In order to proceed with the development of any of its projects, and (unless the Company elects to reduce its tenement portfolio) in order to comply with the minimum expenditure requirements in respect of its tenements, the Company is likely to be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise capital when it is required or that the terms associated with providing such capital will be satisfactory to the Company, which may prejudice the Company's ongoing ability to participate in these projects. The Company plans to develop the lithium assets, commencing with the development of the Kachi Lithium Brine Project which will require significant capital to achieve production which may not be available for a variety of reasons beyond the company's control.

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## (k) Exploration and Production

Tenements in which the Company has an interest are at various stages of exploration and potential investors should understand that mineral exploration is a high risk undertaking. There can be no assurance that exploration of the project areas described in this Prospectus, or any other permits that the Company may acquire an interest in, will result in the discovery of an economic mineral reserve. Even if an apparently viable reserve is identified, there is no guarantee that it can be commercially exploited.

Even if the Company recovers potentially commercial minerals, there is no guarantee that the Company will be able to successfully transport the minerals to commercially viable markets or sell the minerals to customers to achieve a commercial return.

In addition, with respect to operations, the Company operates in some remote locations within Argentina and challenging geographical conditions. Therefore, some exploration and development costs may be higher in such jurisdictions due to a number of factors including limitations on the number of available suppliers of services required by the Company, climatic and geographical conditions. The Company has review processes for all exploration and drilling programs. The Company also has a transparent review and auditing process for all tenders received. However, no assurances can be given that the Company will be successful in mitigating all of these risks and there is a risk that exploration costs may escalate beyond budget anticipations.

## (l) Tenement Applications

All tenement applications and mining leases (“minas”) follow a series of steps to granting of exploration and the ongoing maintenance of the mining leases and continued access over the areas which may include, among others, formal notation in the cartographic section which may adjust boundaries and areas, applications and approvals of exploration related environmental impact statements, discussions with local communities and consideration by the legal section and administrative section of the mines departments. These steps would reasonably be expected to lead to approval for non-invasive exploration and approvals for drill testing and the ongoing maintenance of mining leases which requires ongoing approvals for drilling and development which may take months or years. However, approvals may not be granted and other factors may affect tenure of the leases, including loss of leases. Exploration on the Company's tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of exploration tenements. Any of these issues may have a material adverse effect on the Tenements and their value.

## (m) Resource Estimations

Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change and no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

## (n) Technology Risk

The Company is utilising new technology to extract and develop the lithium brine resources. Testing to date has been encouraging to date but there is no guarantee or assurance that the technology will be successful in their objectives at a pilot plant scale

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or commercial scale, or if successful that it will be commercially viable or that the cost estimates and the underlying assumptions will be realised in practice, pursuant to this Prospectus.

(o) Speculative Nature of Investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for the new securities.

Whether or not future income will result from projects undergoing exploration, programmes are dependent on the successful results of that exploration and on the subsequent establishment of development and production operations or sale of the projects. Factors including costs, equipment availability, and mineral prices affect successful project development as does the design and construction of efficient exploration facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on the ASX.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisors. The Shares to be allotted pursuant to this Prospectus should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital, their market value or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

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## 10. Additional information

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### 10.1 Continuous disclosure obligations

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by the ASX at all times during the three (3) months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offers, the effect of the Offers on the Company and the rights and liabilities attaching to the Shares to be issued under the Offers. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Copies of the documents lodged by the Company with ASIC may be obtained from or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) annual financial report for the period ending 30 June 2019;
- (b) reviewed half-yearly financial statements for the Company for the period ending 31 December 2019 (once lodged with ASIC); and
- (c) any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to the ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 30 June 2019 and ending on the date of lodgement of this Prospectus with ASIC.

Details of documents lodged by the Company with the ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
31 January 2020	Quarterly Activities Report and Appendix 5B
24 January 2020	Update on Proposed Placement
23 January 2020	Extension of Voluntary Suspension
22 January 2020	Suspension from Official Quotation
20 January 2020	Investor Presentation January 2020



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Date	Description of Announcement
20 January 2020	Trading Halt
20 January 2020	Proposed Close-Out of Convertible Securities Facility
16 January 2020	Local Support for Kachi
13 January 2020	Larger volume high purity lithium carbonate samples
10 January 2020	Interview – Investor Update
9 January 2020	Battery grade lithium carbonate 99% purity produced
13 December 2019	Increasing Pilot Plant Samples for Potential Kachi Partners
10 December 2019	LKE adds operational expertise to Board
26 November 2019	Constitution
26 November 2019	Results of Meeting
18 November 2019	Appendix 3B
1 November 2019	Quarterly Report and Appendix 5B
31 October 2019	LKE appoints CFO to drive project funding
28 October 2019	Appendix 3B
25 October 2019	Notice of Annual General Meeting/Proxy Form and Appendix 4G
24 October 2019	Funding Facility Extension and Cleansing Notice
14 October 2019	Appendix 3B
9 October 2019	Advisor Appointed for Debt Funding
3 October 2019	Lake Securities to resume trading
3 October 2019	Reinstatement to Official Quotation

## 10.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest, lowest and last market closing prices of the Shares on the ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	Share price	Date
Highest	\$0.051	14 January 2020
Lowest	\$0.023	24 December 2019
Last	\$0.047	17 January 2020

The issue price of \$0.04 represents a discount of 14.9% to the last market price of Shares on 17 January 2020, being the last day on which Shares traded on the ASX before lodgement of this Prospectus.

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## 10.3 Constitution

The Constitution is in a form common to public companies in Australia and was adopted by the Company at the Annual General Meeting on 26 November 2019.

The Company will provide a copy of the Constitution to any Shareholder upon request, free of charge and it is available in the ASX announcement on 26 November 2019.

## 10.4 Corporate Governance

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company operations.

## 10.5 Interests of Directors

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
  - (1) its formation or promotion;
  - (2) the Offers; or
- (c) the Offers,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any Director or proposed director:

- (d) to induce them to become, or to qualify as, a Director of the Company; or
- (e) for services provided by a Director in connection with:
  - (1) the formation or promotion of the Company; or
  - (2) the Offers.

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is as follows:

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Director (including associated entities)	Current Shares (Direct and Indirect)	Listed and Unlisted Options (Direct and Indirect)	Current Performance Rights (Direct and Indirect)	% of Current Total Share Capital (529,532,086 Shares on issue)
Steve Promnitz	15,381,293	12,447,661	5,000,000	2.90%
Geoffrey Stuart Crow	4,358,964	8,544,870	5,000,000	0.82%
Nicholas Lindsay	-	6,500,000	5,000,000	-
Robert Trzebski	-	-	-	-

In addition, the Directors may participate in the SPP if they are Eligible Shareholders.

Assuming each Director who is an Eligible Shareholder subscribes for the maximum \$30,000 worth of Shares under the SPP Offer (and assuming the Shares under the Placement and the Termination Deed have been issued), the relevant interest of each of the Directors is set out below:

Director (including associated entities)	Current Shares (Direct and Indirect)	Listed and Unlisted Options (Direct and Indirect)	Current Performance Rights (Direct and Indirect)	Maximum Number of Shares under the SPP	% of Share Capital post SPP (628,590,107) <sup>1</sup>
Steve Promnitz <sup>2</sup>	15,381,293	12,447,661	5,000,000	750,000	2.57%
Geoffrey Stuart Crow <sup>3</sup>	4,358,964	8,544,870	5,000,000	750,000	0.81%
Nicholas Lindsay <sup>4</sup>	-	6,500,000	5,000,000	-	-
Robert Trzebski	-	-	-	-	-

#### Notes:

1. Assumes the SPP Offer is fully subscribed (37,500,000 Shares), the Placement Shares are issued (50,000,000 shares) and the Share Portion is issued under the Termination Deed (11,558,021 Shares), but that no Options are exercised.
2. Mr Steve Promnitz also holds 5,000,000 performance rights issued under the Company's Long Term Incentive Plan. 2,500,000 of the performance rights will vest when a Pre-Feasibility Study is completed, and 2,500,000 performance rights will vest when an investment partner signs an agreement to invest into the Kachi project in Catamarca. Refer to the Company's ASX announcement of 16 July 2019 for further details regarding the terms of the performance rights.
3. Mr Stuart Crow also holds 5,000,000 performance rights issued under the Company's Long Term Incentive Plan which will all vest when an investment partner signs an agreement to invest into the Kachi project in Catamarca. Refer to the Company's ASX announcement of 16 July 2019 for further details regarding the terms of the performance rights.
4. Dr Nicholas Lindsay also holds 5,000,000 performance rights issued under the Company's Long Term Incentive Plan. 2,500,000 of the performance rights will vest when a Pre-Feasibility Study is completed, and 2,500,000 performance rights will vest when a Pilot Plant is established on site at the Kachi project in Catamarca. Refer to the Company's ASX announcement of 16 July 2019 for further details regarding the terms of the performance rights.

## 10.6 Directors' fees and remuneration

Set out below is the remuneration paid or accrued to the current Directors of the Company and their associated entities for the stated periods. The maximum total remuneration of the non-

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executive Directors has been set at \$350,000 per annum in aggregate (**Remuneration Cap**) and may only be increased with the approval of Shareholders.

The following table shows the total annual remuneration for the previous 2 financial years and the current financial year to date paid to those Directors who are currently Directors as at the date of this Prospectus.

Director	Financial Year ending 30 June 2018	Financial Year ending 30 June 2019	To date in this Financial Year*****
S Crow	451,701*	246,000**	113,167***
N Lindsay	236,417*	60,000	67,000***
R Trzebski****	-	-	-
S Promnitz	1,026,008*	272,190	126,135
	<b>1,714,126</b>	<b>578,190</b>	<b>306,302</b>

\* the remuneration for the 2018 financial year includes the issue of options to Directors valued at \$415,034 to S Crow, \$207,517 to N Lindsay and \$691,723 to S Promnitz

\*\* the remuneration for the 2019 financial year ending 30 June 2019 includes consultancy fees paid to Salaris Consulting Pty Ltd, a company associated with Stuart Crow for consultancy services relating to capital raising in the amount of \$146,000

\*\*\* the remuneration for the current financial year from 1 July 2019 to the date of lodgement of the Prospectus includes consultancy fees paid to Salaris Consulting Pty Ltd (a company associated with Stuart Crow) for consultancy services in the amount of \$71,500 and to Lindsay Rueda Services Pty Ltd (a company associated with Dr Nicholas Lindsay) in the amount of \$39,000 for consulting services relating to the pre-feasibility study.

\*\*\*\*Dr Robert Trzebski was appointed on 10 December 2019 and received no fees for the period prior to lodgement of this Prospectus.

\*\*\*\*\* This does not include the value of any of the performance rights issued to Directors in August 2019, details of which are set out in section 10.5 above and section 10.7 below.

The Board considers that these fees are reasonable remuneration pursuant to section 211 of the *Corporations Act* (other than fees paid to Stuart Crow for consultancy services relating to capital raising and to Nicholas Lindsay for consultancy services relating to the pre-feasibility study which the Board considers were paid on arms' length terms pursuant to section 210 of the *Corporations Act*) and accordingly, member approval is not required.

## 10.7 Related party transactions

From time to time the Company may be party to transactions with related parties including:

- (a) employment and service arrangements; and
- (b) payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and has obtained Shareholder Approval where required. Otherwise, the Company considers all related party transactions have either proceeded on an "arm's length" basis or constitute reasonable remuneration.

The Board considers that the remuneration and benefits constitute reasonable remuneration pursuant to section 211 of the *Corporations Act* and accordingly, member approval is not required.

In addition to the fees and benefits that the Directors are entitled to receive set out above, the Company has also entered into a Deed of Access and Indemnity with each Director. The Deed sets out the basis for the Company to indemnify the Directors for personal liability and associated legal costs which result from their role as a Director.

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The Company, to the extent permitted by law, indemnifies the Directors of the Company against a liability incurred by that person in their capacity as such an officer of the Company and all reasonable legal costs incurred by the officer in defending an action for a liability incurred or allegedly incurred by the Director as an officer of the Company. The indemnity applies to any liability or legal costs incurred, provided the Director is not indemnified against that liability or legal costs by an insurance policy (other than the director and officer insurance maintained by the Company).

The Deed also deals with matters such as access to documents and insurance.

## **Managing Director Service Agreement**

The service agreement with the Managing Director Mr Stephen Promnitz commenced on 14 November 2016 and includes an initial salary of \$250,000 per annum. If notice of termination given by Company, the Company is required to pay full compensation for a six-month notice period. If notice of termination is given by Mr Promnitz, the notice period is three months. The Company has the right to determine whether Mr. Promnitz work his notice period or is paid in lieu of notice.

## **Long Term Incentive (LTI) Plan**

At the 2016 Annual General Meeting, the shareholders of the Company approved the Long-Term Incentive (LTI) Plan ('Plan'). The Plan was updated and extended at an Extraordinary General Meeting of the Shareholders on 15 August 2019. The main purpose of the Plan is to give incentives to eligible participants (or their nominee) to provide dedicated and ongoing commitment and effort to the Company aligning the interest of both employees and shareholders and for the Company to reward eligible employees for their effort. The Plan contemplates the issue to eligible employees of performance rights which may have milestones.

Under the Plan, during the financial year to 30 June 2019, the Company issued the final allocation of 2.5 million performance rights to Mr Stephen Promnitz. The performance shares were issued at nil consideration. On 15 August 2019, shareholders approved the issue of Securities under the Plan, of up to 25,000,000 performance rights.

For Mr Promnitz, 2.5 million performance rights will vest when a Pre-Feasibility Study is completed, and 2.5 million performance rights will vest when an investment partner signs an agreement to invest into the Kachi project in Catamarca.

Mr Crow's 5 million performance rights will vest in a single tranche when an investment partner signs an agreement to invest in the Kachi project in Catamarca.

Dr Lindsay's 2.5 million performance rights will vest when a Pre-Feasibility Study is completed and 2.5 million performance rights will vest when a Pilot Plant is established on-site at the Kachi project in Catamarca.

## **10.8 Interests of experts and advisers**

Other than set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

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holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

HopgoodGanim Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim Lawyers have placed reasonable reliance upon information provided to them by the Company. HopgoodGanim Lawyers does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$26,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. HopgoodGanim Lawyers are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time-based charges.

## 10.9 Subsequent events

Save for the information contained in this Prospectus and otherwise as disclosed to ASX, there has not arisen in the interval between 30 June 2019 and the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

## 10.10 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Shares.

## 10.11 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 10.12 Electronic Prospectus

This Prospectus is available in a paper version and in electronic form. The electronic version will be available on the Company's website, [www.lakeresources.com.au](http://www.lakeresources.com.au). The Offers constituted by this Prospectus in electronic form is made only to Eligible Shareholders

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receiving this Prospectus in electronic form in Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

While the Company believes that it is extremely unlikely that during the period of the Offers the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not occur. Any Eligible Shareholder in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company.

## 10.13 Privacy

By submitting an Application you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Automic Registry Services (**Automic**), an external service provider. The Company requires Automic to comply with the National Privacy Principles with performing these services. The Company's register is required under the *Corporations Act* to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (d) when you agree to the disclosure;
- (e) when used for the purposes for which it was collected;
- (f) when disclosure is required or authorised by law;
- (g) to other members in the LKE group of companies;
- (h) to your broker;
- (i) to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Automic, except in limited circumstances. If you wish to access, update or correct your personal information held by Automic or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information, please contact the Company.

## 10.14 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. The approximate costs of the Offer payable by the Company (inclusive of GST) are listed below:

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<b>Expense</b>	<b>Cost (A\$)</b>
ASIC and ASX Fees	\$17,385
Registry, printing and mailing	\$19,000
Legal expenses	\$26,000
Placement fees	\$132,000
<b>TOTAL</b>	<b>\$194,385</b>

## 10.15 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

**HopgoodGanim Lawyers** has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name. They do not make any other statement in this Prospectus and did not authorise or cause the issue of this Prospectus. HopgoodGanim Lawyers will be paid for work performed in accordance with usual time-based charge out rates and estimate that their fees at the date of this Prospectus are in the order of \$26,000 inclusive of GST.

**Automic Registry Services** has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. It has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

## 10.16 Directors' statement

This Prospectus is issued by Lake Resources N.L. Each of the Directors has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Lake Resources N.L. by:



**Stephen Promnitz**  
Managing Director  
**Lake Resources N.L.**



# Prospectus

## 11. Glossary

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**\$ or AUD\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a person who submits an Application Form.

**Application Amount** means the amount payable by an Applicant for the Shares the subject of an Application Form, as set out in this Prospectus.

**Application Form** means an application form in a form accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited and the Australian Securities Exchange as the context requires.

**ASX Listing Rules or Listing Rules** means the listing rules of the ASX.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Sydney.

**Closing Date** means the closing date for each Offer as set out in section 2, subject to variation by the Company without notice.

**Cash Portion** means the payment of \$1,959,615.48 to the Convertible Securities Holder under the terms of the Termination Deed.

**Company or Lake Resources or LKE** means Lake Resources N.L ACN 079 471 980.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Convertible Securities** means the convertible securities offered and issued to the Convertible Securities Holder under the Convertible Securities Agreement.

**Convertible Securities Agreement** means the agreement entered by the Company and the Convertible Securities Holder dated on or about 28 February 2019 (as varied), for the issue of convertible securities to the Convertible Securities Holder to raise up to \$5,000,000.

**Convertible Securities Facility** means the funding facility provided by the Convertible Securities Holder to the Company pursuant to the Convertible Securities Agreement.

**Convertible Securities Holder** means SBI Investments (PR), LLC.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder who is eligible to participate in the Share Purchase Plan, being shareholders of the Company who are registered as holders of Shares at 7pm (AEDT) on the Record Date of 7 February 2020 and whose registered address is in Australia and New Zealand.

**Face Value** means the face value of a Convertible Security.

**Group** means the Company and its subsidiaries.

# Prospectus

**Investors** means investors identified and selected by the Company to participate in the Shortfall Offer.

**Issue Date** means the date on which the Shares are issued for the SPP Offer as set out in section 2, subject to variation by the Company without notice.

**Long Term Invective Plan** means the plan adopted at the Company's annual general meeting in 2016 and subsequently updated and extended at the Company's extraordinary general meeting on 15 August 2019.

**Placement** means the issue of up to 50,000,000 Shares to sophisticated and professional investors to raise up to \$2,000,000.

**Placement Investors** means sophisticated and professional investors who participate in the Placement.

**Offers** means the SPP Offer, the Shortfall Offer and **Offer** means any of them.

**Official Quotation** means official quotation on the ASX.

**Opening Date** means the opening date for each Offer as set out in section 2, subject to variation by the Company without notice.

**Prospectus** means this prospectus dated 10 February 2020 as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.

**Record Date** means 7pm (AEDT) on 7 February 2020.

**Securities** has the same meaning as in section 92 of the Corporations Act.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Portion** means the 11,558,021 Shares to be issued to the Convertible Securities Holder under the terms of the Termination Deed.

**Share Purchase Plan** or **SPP** means the share purchase plan undertaken by the Company pursuant to this Prospectus and includes offers of SPP Shares made pursuant to such plan.

**Share Registry** or **Automic** means Automic Registry Services.

**Shareholder** means a holder of a Share.

**Shortfall Share** means any Shares forming part of the SPP Shortfall on the terms and conditions set out in section 5.1 of this Prospectus.

**Shortfall Offer** means the offer and issue of the Shortfall Shares the subject of this Prospectus.

**SPP Share** means a Share subscribed for pursuant to the SPP on the terms and conditions set out in section 5.1 of this Prospectus.

**SPP Offer** means the non-renounceable offer and issue of the SPP Shares to Eligible Shareholders the subject of this Prospectus.

# Prospectus

**SPP Shortfall** means any Shares offered pursuant to the Share Purchase Plan which were not issued to Eligible Shareholders in accordance with the Share Purchase Plan.

**Termination Deed** means the agreement entered by the Company and the Convertible Securities Holder which provides for the early termination of the Convertible Securities Agreement, as announced on 10 February 2020.

**Trading Day** has the meaning given to that term in the Listing Rules.

**US Securities Act** means the US Securities Act of 1933 as amended from time to time.

**VWAP** means in relation to a Trading Day, the volume weighted average price of the Shares traded in the ordinary course of business on the ASX on that Trading Day, excluding crossings executed outside the open session state, special crossings, overseas trades and trades pursuant to exercise of options over Shares.

# Prospectus

## Corporate directory

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<b>Directors</b>	<b>Administration and Registered Office</b>
Geoffrey Stuart Crow (Non-Executive Chairman)	Level 5 126 Phillip Street Sydney NSW 2000 Tel: +61 2 8098 1163 <a href="http://www.lakeresources.com.au/">www.lakeresources.com.au/</a>
Stephen Promnitz (Managing Director)	
Dr Nicholas Lindsay (Non-Executive Director)	
Dr Robert Trzebski (Non-Executive Director)	
<b>Share Registry</b>	<b>Lawyers</b>
Automic Registry Services Level 5, 126 Phillip Street Sydney NSW 2000 Tel: 1300 288 664 ; or +61 2 9698 5414 or by email at <a href="mailto:corporate.actions@automic.com.au">corporate.actions@automic.com.au</a> <a href="http://www.investor.automic.com.au">www.investor.automic.com.au</a>	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane Qld 4000  Phone: +61 7 3024 0000 Facsimile: +61 7 3024 0300 Website: <a href="http://www.hopgoodganim.com.au">www.hopgoodganim.com.au</a>