

18 July 2024

Your reference: 96270

ASX Compliance
ASX Limited
20 Bridge Street
Sydney NSW 2000

By email: ListingsComplianceSydney@asx.com.au

Dear Sir / Madam

Lake Resources NL ('LKE'): Query Letter: Compliance with Listing Rules 3.1 and 15.7

Lake Resources N.L. (ASX: LKE) (the **Company** or **LKE**) refers to your query letter dated 15 July 2024 (the **Query Letter**) and provides the following responses.

Unless otherwise defined, capitalised terms in this letter have the same meaning given to those terms in the Query Letter.

1. Does LKE consider the following information in the Article to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

1.1 reduction of global headcount; and

1.2 potential sale of four lithium-rich acreage positions it controls elsewhere in Argentina.

Please answer separately for each of the above.

LKE is of the view that the relevant information in the Article – including the reduction in global headcount and the monetisation of Lake's non-core assets – was information that was materially previously announced by the Company and readily known in the market.

LKE believes that a reduction in global headcount – i.e. question 1.1 – *may* be information that a reasonable person would expect to have a material effect on the price or value of its securities.

LKE does not believe that the sale of four nascent, non-core assets – i.e. question 1.2 - would alone be information that a reasonable person would expect to have a material effect on the price or value of its securities.

2. If the answer to any part of question 1 is “no”, please advise the basis for that view, noting that the Announcement was lodged as market sensitive. Please answer separately for each of the items in question 1 above.

As noted above, LKE does not believe that the sale of four nascent, non-core assets would alone be information that a reasonable person would expect to have a material effect on the price or value of its securities – in particular when LKE has announced on multiple occasions – please see, for example, ASX announcements on 4 March 2024, 6 March 2024, 12 March 2024 and 29 April 2024 (all referenced in the answer to question 3 below) - that it was rigorously exploring the monetization of these assets in order to focus on the strategic priorities of its core asset, Kachi, which it continues to do. This was but one part of the Announcement, which contained other potentially market sensitive information – including the update

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on the strategic partnering process.

3. When did LKE first become aware of the information referred to in question 1 above? Please answer separately for each of the items in question 1 above.

As noted above, LKE first announced an approximate 50% reduction of global headcount on 4 March 2024. This was also mentioned in LKE's half year report released on 6 March 2024, in the investor presentation released on 12 March 2024, and in LKE's latest quarterly report released on 29 April 2024. The Article incorrectly states that LKE currently has '180 workers' which it was planning to cut and that it was keeping a skeleton staff of roughly 20, according to an unknown source. This did not take into account the previously announced reduction in headcount, nor its current headcount. LKE has continued to rigorously review its headcount as part of the reduction in and streamlining of expenditures as previously announced to the market, which has been and currently is an ongoing process. LKE expects to further reduce its headcount, as outlined in the Announcement, and that process between the Company, management and individual employees is ongoing. LKE will make further announcements in relation to this if and when required by the Listing Rules.

4. If LKE first became aware of the information referred to in question 1 before the date of the Announcement, did LKE make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe LKE was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps LKE took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

Yes, LKE has made multiple announcements prior to the date of the Announcement in respect of the reduction in global headcount and in respect of the monetisation of its non-core assets – again, please see, for example, ASX announcements on 4 March 2024, 6 March 2024, 12 March 2024 and 29 April 2024 (all referenced in the answer to question 3 above).

LKE did not, prior to the Announcement, release an update on the further reduction in global headcount as the arrangements with those individual employees and executives remained subject to finalisation and were confidential, and therefore, even if market sensitive, fell under the exception to immediate disclosure in Listing Rule 3.1A. As previously noted and announced to the market, LKE, like many companies operating in the lithium industry, has been undertaking rigorous steps to reduce expenditure, and as part of this exercise, has been conducting internal analysis and discussions with management and employees to determine the scope of the previously announced global headcount reduction, including how to 'right-size' the management of the Company while not impacting the Company's ongoing strategic priorities for Kachi. As this analysis includes confidential consultation with the Board, employees and the executives, as well as conferring with external advisers, LKE did not consider it was necessary nor appropriate to announce specific information in excess of what it has already announced to the market. At the date of publication of the Article, the Company was still undertaking discussions with individuals on headcount reduction and continues to do so, with the final decisions subject to sign-off by the Board – and this is why the Announcement, like previous announcements on the same topic, refer to approximate numbers.

LKE has previously released information concerning the potential monetisation of the four nascent, non-core Argentinian lithium assets held by LKE (as noted above). The decision to proceed to a sale of those assets remains subject to an ongoing process and final Board approval.

5. Please confirm that LKE is complying with the Listing Rules and, in particular, Listing Rule 3.1

The Company is in compliance with the Listing Rules, including in particular Listing Rule 3.1.

6. Did LKE, or anyone representing LKE, provide a statement to the media concerning the information in the Article?

No written statement was provided to the media concerning information in the Article, although an interview was provided at a recent conference but only in respect of previously disclosed information, as explained in the answer to question 7 below.

7. If the answer to question 6 is “yes”:

7.1. please provide a copy of that correspondence (not for release to the market);

7.2. explain when (time and date), and by whom, the information was first provided to the media; and

7.3. does LKE consider this to be compliant with Listing Rule 15.7? If so, please explain the basis for that view.

No statement was provided to the media in connection with the headcount numbers in the Article (the Article itself states this coming from an unknown source and specifically states that David Dickson, Managing Director and CEO of LKE, declined to provide any specific information). However, an ordinary course interview was given at the recent Fastmarkets conference in Las Vegas, Nevada, USA – as explained below:–

7.1 – No written correspondence was provided to the media. However, Mr. Dickson gave a media interview to Ernest Scheyder on 27 June 2024 at around 1300hrs at the Fastmarkets conference in Las Vegas, Nevada, USA. This was an interview given in the ordinary course and at which the only information that was discussed was information that had previously been made public by LKE (for example, in the ASX announcements noted in the answer to question 3) or information that was not required to be released to the market, including:

- commentary on the lithium commodity macroeconomic environment and current pricing
- commentary that LKE, like other miners in the lithium space, continue to rationalize and reduce where necessary headcount, overhead and expenditures
- commentary regarding monetization of LKE's non-core assets
- commentary on the process to find a strategic partner for the Kachi project
- commentary on the process for the environmental impact assessment for the Kachi project

7.2 – David Dickson, Managing Director and CEO of LKE gave a media interview to Ernest Scheyder on 27 June 2024 at around 1300hrs at the Fastmarkets conference in Las Vegas, Nevada, USA. Stuart Crow, Chairman of LKE, was also present at the interview. Mr. Scheyder later called Mr. Dickson to inquire as to exact numbers of headcount to be reduced and Mr. Dickson did not provide comment.

7.3 – Yes. No information that was required to be released to the market and was not previously released to the market by LKE was given to any person (written or otherwise) on any basis by LKE or any of its representatives.

What arrangements does LKE have in place to ensure compliance with Listing Rule 15.7?

LKE has in place a Continuous Disclosure Policy to ensure that the market is properly informed in a timely manner of matters which may have a material impact on the price at which LKE's securities are traded. LKE restricts the disclosure of price sensitive information to employees and advisers on a need-to-know basis and ensures that such employees and advisers are aware of LKE's continuous disclosure obligations, including that information should not be released to third parties without authorisation. The disclosure of price sensitive information is subject to approval by the Managing Director or the Company Secretary, or the Board of Directors in their absence.

LKE also has in place a Code of Conduct which requires LKE's employees to not improperly disclose confidential information except as authorised during the normal conduct of LKE's operations or by the Board, or as required by law or a regulatory body. LKE ensures its services agreements with its advisers contain confidentiality clauses to protect LKE's compliance with Listing Rule 15.7.

Both policies are available on LKE's website: <https://investorhub.lakeresources.com.au/shareholder-info-and-governance>.

8. If the answer to question 6 is "no", is there any other explanation as to how the information appeared in the Article?

As mentioned above, the basis of the information that appeared in the Article had previously been released to the market. LKE is not, however, aware of how the author of the Article obtained the specific (albeit incorrect and speculative) information about the Company which appeared in the Article regarding the specific numbers of employees.

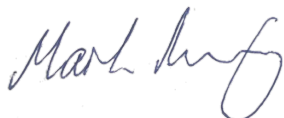
9. In light of the Article, what additional steps will LKE take to ensure compliance with Listing Rule 15.7?

LKE considers that its existing arrangements are adequate and customary for companies of a similar nature to LKE. LKE has always ensured, and will continue to ensure, that its employees are aware of the Continuous Disclosure Policy and Code of Conduct, and that any services agreements with advisers contain confidentiality provisions to ensure compliance with Listing Rule 15.7.

10. Please confirm that LKE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LKE with delegated authority from the board to respond to ASX on disclosure matters

LKE confirms that this response has been authorised and approved by an officer of LKE with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely



Mark Anning
Company Secretary
Lake Resources N.L.



15 July 2024

Reference: 96270

Mr Mark Anning
Company Secretary
Lake Resources N.L.
Level 5, 126 Phillip Street
Sydney NSW 2000

By email only.

Dear Mr Anning

Lake Resources N.L. ('LKE'): Compliance with Listing Rules 3.1 and 15.7

ASX refers to the following:

- A. The article appearing in Mining.com titled "Lake Resources cuts staff, eyes asset sales amid low lithium prices" published online at 3:16 PM AEST on 27 June 2024 (the 'Article') which stated:
- (i) *"Lake is cutting most of its 180 workers but plans to keep a skeleton staff of roughly 20, according to a source with direct knowledge of the matter. Dickson declined to provide specific numbers, but acknowledged Lake "is in a process of cost cutting and resizing the company for where we're at now"."*
 - (ii) *"Lake is now looking to sell four lithium-rich acreage positions it controls elsewhere in Argentina and is likely to move out of its Houston offices to a smaller location, Dickson said."*
- B. LKE's announcement titled "Operational Update" marked as market sensitive and released on the ASX Market Announcements Platform ('MAP') at 8:35 AM AEST on 1 July 2024 (the 'Announcement') in which LKE relevantly disclosed:
- (i) *"the Company is implementing operating cost initiatives...which include: Reduction of more than 50 percent of global headcount, including staggered exits over several months of six members of the Company's executive team."*
 - (ii) *"Lake is managing an ongoing process for the potential sale of non-core assets and lithium tenements located in Jujuy and Catamarca Provinces; namely Paso de Jama, Olaroz, Cauchari and Ancasti."*
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "An entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

"3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

G. The concept of “confidentiality” detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule.”

H. Listing Rule 15.7 which states:

“An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released the information to the market.”

I. The note to Listing Rule 15.7 which states:

“Note: This rule prohibits an entity giving information to the media even on an embargoed basis.”

As the Article was published prior to the Announcement being released on MAP, it appears that LKE may have breached Listing Rules 3.1 and/or 15.7.

Request for Information

Having regard to the above, ASX asks LKE to respond separately to each of the following questions and requests for information:

Listing Rule 3.1

1. Does LKE consider the following information in the Article to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

- 1.1. reduction of global headcount; and
- 1.2. potential sale of four lithium-rich acreage positions it controls elsewhere in Argentina.

Please answer separately for each of the above.

2. If the answer to any part of question 1 is “no”, please advise the basis for that view, noting that the Announcement was lodged as market sensitive.

Please answer separately for each of the items in question 1 above.

3. When did LKE first become aware of the information referred to in question 1 above?

Please answer separately for each of the items in question 1 above.

4. If LKE first became aware of the information referred to in question 1 before the date of the Announcement, did LKE make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe LKE was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps LKE took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

5. Please confirm that LKE is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Listing Rule 15.7

6. Did LKE, or anyone representing LKE, provide a statement to the media concerning the information in the Article?

7. If the answer to question 6 is “yes”:

- 7.1. please provide a copy of that correspondence (not for release to the market);
- 7.2. explain when (time and date), and by whom, the information was first provided to the media; and
- 7.3. does LKE consider this to be compliant with Listing Rule 15.7? If so, please explain the basis for that view.

8. If the answer to question 6 is “no”, is there any other explanation as to how the information appeared in the Article?

9. What arrangements does LKE have in place to ensure compliance with Listing Rule 15.7?

10. In light of the Article, what additional steps will LKE take to ensure compliance with Listing Rule 15.7?

11. Please confirm LKE’s responses to the above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of LKE with delegated authority from the Board to respond to ASX on disclosure matters.

ASX expects LKE to make reasonable enquiries to put itself in a position to answer the questions above.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 12:00 PM AEST Friday, 19 July 2024. Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Yours sincerely

ASX Compliance