

Lake Resources N.L.

Level 5, 126 Phillip Street

Sydney NSW 2000

ACN: 079 471 980



Lake Resources N.L.

Notice of Extraordinary General Meeting

Explanatory Statement | Proxy Form

15 August 2019

11.00 AM AEST

Address

Level 5, 126 Phillip Street

Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00 am (AEST) on 15 August 2019 at Level 5, 126 Phillip Street Sydney NSW 2000.

Your vote is important

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

Voting by proxy

To vote by proxy, please use one of the following methods:

1. Lodge the Proxy Form online at www.linkmarketservices.com.au using the holding details as shown on the front of the Proxy Form.
2. Complete and sign the enclosed Proxy Form and return the form:
 - (a) by post to:
C/ - Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235; or
 - (b) by hand to:
Link Market Services, Level 2, 680 George Street, Sydney NSW 2000; or
 - (c) by fax to: (02) 8583 3040
 - (d) All enquiries to +61 1300 554 474

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the Proxy Form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the Proxy Form, unless the power of attorney has already provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Lake Resources N.L. ACN 079 471 980 will be held 11.00 am (AEST) on 15 August 2019 at Level 5, 126 Phillip Street Sydney NSW 2000. (**Meeting** or **Extraordinary General Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 7:00pm (AEST) on 13 August 2019. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Resolutions

1. **Resolution 1** – Ratification of prior issue of June Placement Shares issued under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 20,674,915 shares issued on 12 June 2019 as part of the **June Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) a participant in the June Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. **Resolution 2** – Ratification of prior issue of June Placement Shares issued under Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 9,160,930 shares issued on 12 June 2019 as part of the **June Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (a) a participant in the June Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. **Resolution 3** –Ratification of prior issue of April Placement Shares issued under Listing Rule 7.1

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 2,925,000 shares issued on 11 April 2019 as part of the **April Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) a participant in the April Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. **Resolution 4** –Ratification of prior issue of April Placement Shares issued under Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 18,425,000 shares issued on 11 April 2019 as part of the **April Placement** on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a participant in the April Placement; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. **Resolution 5 – Approval of the issue of June Placement Options**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of approximately 14,917,923 (subject to rounding) options (**June Placement Options**) to the holders of June Placement Shares as identified under Resolution 1 and 2 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting”*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a participant in the June Placement; or
- (b) any person who is expected to obtain a material benefit as a result of the June Placement; or
- (c) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. **Resolution 6 – Approval of Long-Term Incentive (LTI) Plan**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **Ordinary Resolution**:

*‘That, for the purposes of ASX Listing Rule 7.2 (exception 9(b)) and for all other purposes, the Company approves the issue of Securities under the Company’s LTI Plan (**LTI Plan**), which includes up to 25,000,000 Performance Rights as at the date of this Shareholder’s meeting on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.’*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) any director of the entity;
- (b) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed LTI Plan; or
- (c) an Associate of those persons.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. **Resolution 7 – Approval to grant Performance Rights to Dr Nicholas Lindsay under LTI Plan**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 5,000,000 Performance Rights to Dr Nicholas Lindsay (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. **Resolution 8** – Approval to grant Performance Rights to Stephen Promnitz under LTI Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 5,000,000 Performance Rights to Mr Stephen Promnitz (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. **Resolution 9** – Approval to grant Performance Rights to Stuart Crow under LTI Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 5,000,000 Performance Rights to Mr Stuart Crow (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10. **Resolution 10** – Approval of Grant of Director Options to Stuart Crow

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 5,000,000 options to Mr Stuart Crow (or his nominee), with the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

11. **Resolution 11** – Approval of Grant of Director Options to Stephen Promnitz

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 5,000,000 options to Mr Stephen Promnitz (or his nominee), with the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

12. **Resolution 12 – Approval of Grant of Director Options to Dr Nicholas Lindsay**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant 5,000,000 options to Dr Nicholas Lindsay or his nominee, with the terms and conditions as set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of:

- (a) Any Director (or his nominee); and
- (b) a person who might obtain a material benefit, except a benefit solely by reason of being a holder of ordinary securities in the Company if the resolution is passed; or
- (c) an Associate of any person described in (a) or (b).

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair (provided that the Chair is not a related party entitled to the benefit of this Resolution) as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

13. **Resolution 13 – Ratification of prior issue of Convertible Securities**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 1,820,500 unsecured Convertible Securities (which are estimated to be convertible into 33,712,962 shares) issued on 8 March 2019 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting"

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of:

- (a) a participant who acquired Convertible Securities; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

14. **Resolution 14 – Ratification of prior issue of Options**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and prior issue of 5,555,000 unlisted options issued on 8 March 2019 to the holders of Convertible Securities on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting"

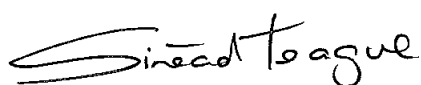
Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 14 by or on behalf of:

- (a) a participant who acquired Convertible Securities; or
- (b) an Associate of any person described in (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Sinead Teague
Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 11.00 am (AEST) on 15 August 2019 at Level 5, 126 Phillip Street Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

Resolutions

Resolutions 1 and 2 – Ratification of prior issue of June Placement Shares made in accordance with ASX Listing Rule 7.1 and 7.1A

Background

The Company issued fully paid ordinary shares pursuant to a placement to sophisticated and professional investors on 12 June 2019 (**June Placement**) and issued 29,835,845 ordinary shares at A\$0.09 per share for \$2.679 million in new capital before costs.

Shareholder approval is being sought to ratify the prior issue and allotment of June Placement shares, of which 20,674,915 were issued under ASX Listing Rule 7.1 (Resolution 1) and 9,160,930 were issued under ASX Listing Rule 7.1A (Resolution 2).

ASX Listing Rule 7.1 and 7.1A

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12-month period, issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A (10% capacity). The Company is an eligible entity and sought and received shareholder approval for its 10% capacity at its Annual General Meeting held on 13 November 2018.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1 but within the company's 15% capacity or made in accordance with the 10% capacity available under ASX Listing Rule 7.1A.

Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to partially reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1 and an additional 10% of its ordinary issued capital under ASX Listing Rule 7.1A, over a 12-month period without seeking further Shareholder approval.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information to be provided to shareholders in relation to the Placement Shares:

- (a) 29,835,845 June Placement Shares were issued on the following basis;
 - (i) 20,674,915 shares issued pursuant to ASX Listing Rule 7.1 (Resolution 1); and
 - (ii) 9,160,930 shares issued pursuant to ASX Listing Rule 7.1A (Resolution 2).
- (b) The June Placement shares were issued at an issue price of \$0.09 per share.
- (c) The June Placement shares rank equally in all respects with the Company's existing ordinary shares on issue.
- (d) The June Placement shares were issued to sophisticated and professional investors.
- (e) Funds raised from the June Placement will be used to accelerate drilling at the Company's Cauchari and Olaroz projects, for the PFS and pilot plant at the Company's Kachi project and for additional working capital.
- (f) A voting exclusion statement applies to this item of business, as set out in the Notice.

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 2.

Resolutions 3 and 4 – Ratification of prior issue of April Placement Shares made in accordance with ASX Listing Rule 7.1 and 7.1A

Background

The Company issued fully paid ordinary shares pursuant to a placement to sophisticated and professional investors on 11 April 2019 (**April Placement**) and issued 21,350,000 ordinary shares at A\$0.05 per share for \$1.067 million in new capital before costs.

Shareholder approval is being sought to ratify the prior issue and allotment of April Placement shares, of which 2,925,000 were issued under ASX Listing Rule 7.1 (Resolution 3) and 18,425,000 were issued under ASX Listing Rule 7.1A (Resolution 4).

ASX Listing Rule 7.1 and 7.1A

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12-month period, issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A (10% capacity). The Company is an eligible entity and sought and received shareholder approval for its 10% capacity at its Annual General Meeting held on 13 November 2018.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1, and provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1. Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to partially reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1 and an additional 10% of its ordinary issued capital under ASX Listing Rule 7.1A, if required, over a 12-month period without seeking further Shareholder approval.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information to be provided to shareholders in relation to the April Placement Shares:

- (a) 21,350,000 April Placement Shares were issued on the following basis;
 - (i) 2,925,000 shares issued pursuant to ASX Listing Rule 7.1 Resolution 3); and
 - (ii) 18,425,000 shares issued pursuant to ASX Listing Rule 7.1A (Resolution 4).
- (b) The April Placement shares were issued at an issue price of \$0.05 per share.
- (c) The April Placement shares rank equally in all respects with the Company's existing ordinary shares on issue.
- (d) The April Placement shares were issued to sophisticated and professional investors.
- (e) Funds raised from the April Placement will be used for further drilling at the Company's Cauchari project, as part of the PFS at the Company's Kachi project and for additional working capital.
- (f) A voting exclusion statement applies to this item of business, as set out in the Notice.

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 3 and 4.

Resolution 5 – Approval of the issue of June Placement Options

Resolution 5 seeks approval by shareholders for the issue of options (**June Placement Options**) as part of the June Placement (as referred to in Resolution 1 and 2 above). The June Placement Shares were issued at a price of \$0.09 per Share and allow the holders to elect to apply for one June Placement Option for every two June Placement Shares held subject to the receipt of Shareholder approval (which is being sought under this Notice).

The June Placement Options, if issued, will be exercisable at \$0.10 each at any time until their expiry, with an expiry date of 15 June 2021. Full terms and conditions of the June Placement Options are as set out in Schedule 3.

ASX Listing Rule 7.1

Listing Rule 7.1 requires a company that wishes to issue more than 15% of its securities in any 12-month period to obtain Shareholder approval by way of ordinary resolution (unless the issue is exempted under Listing Rule 7.2).

The effect of approving Resolution 5 is that the Company will be able to issue the June Placement Options without the Options being included when calculating the thresholds restricting the issue of securities under Listing Rule 7.1. For the purposes of shareholder approval for the issue of June Placement Options to the holders of the June Placement Shares and the requirements of Listing Rule 7.3 the following information is provided to shareholders;

- (a) The maximum number of June Placement Options to be issued is approximately 18,775,580 (subject to rounding, with any fractional entitlements to be rounded down);
- (b) The Options will be issued within 3 months from the date of approval in accordance with ASX Listing Rule 7.3.2.;
- (c) The allottees are the holders of the June Placement Shares (each of whom are not related parties of the Company);
- (d) The full terms and conditions of the June Placement Options are set out in Schedule 3;
- (e) A voting exclusion statement applies to this item of business, as set out in the Notice.

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

Resolution 6 – Approval of Long Term Incentive (LTI) Plan

Background

Whilst the Directors (or their nominees) are eligible to participate in the LTI Plan, ASX Listing Rule 10.14 requires that shareholder approval is required for the acquisition of securities by Directors of securities pursuant to an employee incentive scheme. As Dr Lindsay, Mr Promnitz and Mr Crow are Directors, Shareholder approval in accordance with Listing Rule 10.14 is sought under Resolutions 8, 9 and 10 for the issue of Performance Rights to the proposed Directors.

The Company will allocate 15 million Performance Rights for Directors under the terms and conditions in Resolution 8, 9 and 10. Subject to the limits under the LTI Plan, the Company will allocate a further 10 million Performance Rights for employees, contractors and advisors to the Company.

The main purpose of the LTI Plan is to give an incentive and benefit to the eligible participants (or their nominees) to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees Shareholders and for the Company to reward eligible employees for their efforts. The LTI Plan contemplates the issue to eligible employees of Performance Rights which may have milestones.

ASX Listing Rules

Shareholder approval of the LTI Plan is sought for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 9(b)), so that securities (such as the Performance Rights) issued in accordance with the LTI Plan will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of three years from the date of approval.

If this Resolution is approved by Shareholders, it will have the effect of enabling the securities issued by the Company under the LTI Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue within the 15% in any 12 month limit under Listing Rule 7.1 during the next three-year period.

ASX Listing Rule 7.2

In accordance with Listing Rule 7.2 (exception 9(b)), the following information is provided:

- (a) the terms of the LTI Plan (including the maximum number of securities that may be issued under the LTI Plan) are contained in Schedule 1; and
- (b) this is the second approval sought under Listing Rule 7.2 (exception 9(b)), in relation to the LTI Plan.

- (c) Securities have been issued under the previous LTI Plan as follows;

Recipient	Number issued	Acquisition Price
Stephen Promnitz	7,500,000	Nil
Stuart Crow	1,000,000	Nil

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

Resolutions 7, 8 and 9 – Approval to grant Performance Rights to Directors under the LTI Plan

It is proposed that a total grant of 15,000,000 Performance Rights under the LTI Plan be made to Mr Stuart Crow, Mr Stephen Promnitz and Dr Nicholas Lindsay, current Directors of the Company. The terms and conditions of the Performance Rights are set out in Annexure B of the LTI Plan (which is set out in Schedule 1)

ASX Listing Rule 10.14 provides that Shareholder approval is required for the issue of Performance Rights to the Company's Directors under the LTI Plan. It is intended that each Director will receive Performance Rights under the LTI Plan.

A 'related party' for the purposes of the Corporations Act includes:

- (a) a Director of a public company; and
- (b) an entity controlled by a Director of a public company.

Accordingly the Directors are "related parties" to the Company for the purposes of the ASX Listing Rules and Corporations Act.

The effect of passing Resolution 7 will be to allow the Company to issue up to 5,000,000 Performance Rights to Dr Nicholas Lindsay (or his nominee).

The effect of passing Resolution 8 will be to allow the Company to issue up to 5,000,000 Performance Rights to Mr Stephen Promnitz (or his nominee).

The effect of passing Resolution 9 will be to allow the Company to issue up to 5,000,000 Performance Rights to Mr Stuart Crow (or his nominee).

These Performance Rights are proposed to be issued to remunerate and incentivize each of the Directors.

The Directors each have a material personal interest in the outcome of their relevant Resolution as it is proposed that Performance Rights be granted to them (or to their nominee).

ASX Listing Rule 10.15

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.14:

- (a) The maximum number of Performance Rights to be issued to the Directors (or their nominee) is as follows;
 - Nicholas Lindsay – 5,000,000 under Resolution 7;
 - Stephen Promnitz – 5,000,000 under Resolution 8; and

- Stuart Crow – 5,000,000 under Resolution 9.
- (b) The terms and conditions of the Performance Rights are set out in Annexure B of the LTI Plan (which is set out in Schedule 1).
- (c) The Performance Rights in relation to Resolution 7, 8 and 9 will vest in tranches linked to the performance criteria set out in Schedule 1, and summarised as follows:

Director	Resolution	Performance Criteria
Nicholas Lindsay	7	<ul style="list-style-type: none"> • 50% vests when a Pre-Feasibility Study is complete • 50% vests when a Pilot Plant is established on-site at the Kachi Project in Catamarca
Stephen Promnitz	8	<ul style="list-style-type: none"> • 50% vests when a Pre-Feasibility Study is completed; and • 50% vests when an investment partner signs an agreement to invest into the Kachi Project in Catamarca
Stuart Crow	9	<ul style="list-style-type: none"> • 100% vests when an investment partner signs an agreement to invest into the Kachi Project in Catamarca;

- (a) Each Performance Right will have an issue price of zero.
- (b) This is the second approval sought under Listing Rule 10.14 with respect to the LTI Plan.
- (c) Securities have been issued previously under the LTI Plan as follows;

Recipient	Number issued	Acquisition Price
Stephen Promnitz	7,500,000	Nil
Stuart Crow	1,000,000	Nil

- (d) The Company has not agreed to grant any loan to Directors in relation to the issue of the Performance Rights.
- (e) The Company will issue the Performance Rights no later than 12 months after the date of the Meeting (or such longer time as ASX may in its discretion allow).

Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party (such as a director) unless an exception applies or shareholders approve the giving of that financial benefit to the related party.

Dr Nicholas Lindsay, Mr Stephen Promnitz and Mr Stuart Crow are current directors of the Company and accordingly are each considered a related party of the Company under section 228(6) of the Corporations Act.

The proposed Resolutions 7, 8 and 9 if passed will confer financial benefits to the Directors.

Therefore the Company seeks to obtain shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act, and for this reason, and for all other purposes, the following information is provided to Shareholders:

- (a) The related parties to whom Resolutions 7, 8 and 9 would permit the financial benefit to be given are the Directors of the Company;
- (b) The nature of the proposed financial benefit to be given is 15,000,000 Performance Rights with an expiry date of the earliest to occur;
 - I. 5 years from issue, or any earlier date nominated as the expiry date in the invitation letter;
 - II. The Performance Right lapsing in accordance with the LTI Plan; or
 - III. Failure to meet a performance criterion or any other conditions applicable to the Performance Right within the prescribed period.
- (c) The Performance Rights, the subject of Resolutions 7, 8 and 9 will be issued for no cash consideration;
- (d) As Resolutions 7, 8 and 9 relate to Directors' remuneration, the Directors have refrained from making a recommendation in relation to these resolutions; and
- (e) Directors have the following interests and other remuneration:

Director (including associated entities)	2018 Financial Year Remuneration	Proposed 2019 Financial Year Remuneration*	Proposed 2019 Financial Year Remuneration**
Stuart Crow	\$100,000	\$470,000	\$698,850
Stephen Promnitz	\$230,384	\$600,384	\$829,334
Nicholas Lindsay	\$60,000	\$430,000	\$658,850
Total	\$390,384	\$1,500,384	\$2,187,034

* Including the accrued value of the performance rights proposed to be granted under Resolutions 7, 8 and 9

** Including the accrued value of the performance rights proposed to be granted under Resolutions 7, 8 and 9, and also the options proposed to be issued under Resolutions 10, 11 and 12

If the Performance rights, the subject of Resolutions 7 to 9 are approved, the following will be the effect of their holdings in the Company, this table includes the exercise of the proposed Director Options the subject of Resolutions 10 to 12:

Directors (including associated entities)	Current Share & Option Holding	Current % of Total Share & Option Capital	Share & Option Capital Upon Exercise*	% of Total Share & Option Capital Upon Exercise
Stuart Crow	7,512,214	1.48%	17,512,214	3.26%
Stephen Promnitz	21,006,801	4.14%	31,006,801	5.78%
Nicholas Lindsay	1,500,000	0.30%	11,500,000	2.14%
All Other Holders	476,881,717	94.08	476,881,717	88.82%
Total	506,900,732	100.00%	506,900,732	100.00%

If the Performance Rights granted to the Directors are converted into ordinary shares following attainment of milestones, a total of 15,000,000 shares would be allotted and issued. This will increase the number of Shares on issue from 472,339,761 to 487,339,761 (assuming that no other options are exercised or no other Shares issued) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of 3.078%, comprising 1.026% by each Director respectively.

(a) **Valuation**

The Performance Rights that are the subject of Resolutions 7, 8 and 9 are issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights on the satisfaction of the relevant Milestones.

Each Performance Right grants the holder a right to subscribe for one Share upon exercise of each Performance Rights upon achievement of the Milestones ascribed to the Performance Rights. Accordingly, the Performance Rights may have a present value at the date of their grant.

The Company has sought an independent valuation of the Performance Rights from Stantons International Securities (**SIS**). The valuation was prepared for financial reporting purposes in accordance with AASB 2: *Share Based Payments (AASB2)* using the Black Scholes methodology as detailed below;

- Exercise price of the director performance rights is assumed to be nil.
- Current stock price was taken as the market closing price at the end of 27 June, 7.4 cents on the valuation date. This is used as a proxy for the actual market price on the future date of issue.
- Expiry date is assumed to be 5 years from the date of issue, as the maximum possible under the conditions. Assumed that this is 27 June 2024, 5 years from the date assumed as the issue date.
- Volatility factor of 102.99%, calculated from the daily 12 month stock prices to 27 June 2019.
- Risk-free rate is the 5 year government bond rate at 27 June 2019, which was 1.04%.
- 0% Dividend yield
- Assumed that the majority of rights will be exercised towards the end of the period.
- Non-market vesting conditions were not taken into account for assessing the fair value. As per AASB2 they should be assessed separately, by adjusting the number of equity instruments that are expected to vest based on the probability of meeting the conditions.
- No other vesting conditions considered

The key assumptions behind the evaluation are that the quoted price of Lake shares reflects their fair value and the probability assumptions applied by the Company for the non-market based performance conditions.

The initial undiscounted value of the Performance Rights is the value of an underlying share in Lake at the date of issue of the Performance Rights. For the purposes of this valuation, the closing share price of a Lake as traded on the ASX on 27 June 2019 of 7.4 cents. However the date of issue will be determined by the date on which shareholders approve the issue, and accordingly the actual initial value will be the underlying share price on this day.

Furthermore, in accordance with AASB 2, at the date of issue of the Performance Rights, the Director's will need to estimate the date on which each non-market based performance condition will be met, and account for (ie. Expense) the value of the Performance right over the period from date of issue to this date (the maximum time will be the expiry period from date of issue to this date (the maximum time will be the expiry period as noted above).

Based on the valuation, the Company has adopted an indicative value for the Performance Rights of 7.4 cents each, based on the assessed undiscounted value of one Performance Right as calculated in that report.

The total assessed valuation of the Performance Rights that are the subject of Resolutions 7, 8 and 9 is 7.4 cents per Performance Right with a total value of \$1,110,000.

There is no other information known to the Company or any of the Directors save and except as follows:

(i) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Performance Rights to the Directors or their nominees, is the potential dilutionary impact on the issued Share capital of the Company (in the event that the Performance Rights are converted). Until conversion, the issue of the Performance Rights will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled Directors on appropriate incentive terms. It is also considered that the potential increase of value in the Performance Rights is dependent upon a concomitant increase in the value of the Company generally.

(ii) Trading History of the Shares

As at 10 July 2019, the closing price of Shares on ASX was \$0.09 cents.

Set out below is the trading history of the closing price of Shares over the past 6 months and 12 months period:

	Market Price (6 months prior to 10 July 2019)	Market Price (12 months prior to 10 July 2019)
High	10.5 cents	13 cents
Low	4.5 cents	4.5 cents

(iii) Taxation Consequences

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights.

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the Milestones as set out in the terms and conditions.

Directors' recommendation

The Board of Directors do not make any recommendation on Resolutions 7, 8 and 9 because of their personal interest in the subject matter of the Resolutions.

Resolutions 10, 11 and 12 – Grant of Director Options to Directors

It is proposed that a total grant of 15,000,000 options is made to Mr Stuart Crow, Mr Stephen Promnitz and Dr Nicholas Lindsay, current Directors of the Company. The options will have an expiry date of 31 July 2021, with the exercise price to be at 150% of the five-day VWAP ending on the ASX business day immediately before the date of this Meeting (**Director Options**).

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without first receiving Shareholder approval:

- (c) a related party; or
- (d) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A 'related party' for the purposes of the Corporations Act includes:

- (a) a Director of a public company; and
- (b) an entity controlled by a Director of a public company.

Accordingly the Directors are "related parties" to the Company for the purposes of the ASX Listing Rules and Corporations Act. Shareholder approval is sought for the grant of 15,000,000 Director Options to Mr Stuart Crow, Mr Stephen Promnitz and Dr Nicholas Lindsay (or their nominees). These Director Options are proposed to be issued as additional compensation for assistance with the Company's recent success.

The Directors each have a material personal interest in the outcome of their relevant Resolution as it is proposed that options be granted to them (or to their nominee).

ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Director Options will be issued to Mr Stuart Crow, Mr Stephen Promnitz and Dr Nicholas Lindsay (or their nominees).
- (b) the maximum number of Director Options that will be issued to each individual is detailed below:

Resolution	Name of Holder or Nominee	Number of Director Options
10	Stuart Crow	5,000,000
11	Stephen Promnitz	5,000,000
12	Nicholas Lindsay	5,000,000
	Total	15,000,000

- (a) The Company proposes to issue the Director Options immediately following the Meeting, but in any case no later than one month after the date of the Meeting.
- (b) The Director Options will be issued for no cash consideration. Any proceeds received from the exercise of the Director Options will be used to provide additional working capital to the Company and other operational expenses.
- (c) The terms and conditions of the Director Options are set in Schedule 2.
- (d) A voting exclusion statement is included in the Notice.

Chapter 2E of the Corporations Act Disclosures

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the approval of its shareholder in general meeting, or the financial benefit being provided is on arm's length terms or better. A "financial benefit" for the purposes of the Corporations Act includes issuing securities to a related party.

The proposed Resolutions 10, 11 and 12 if passed will confer financial benefits to the Directors.

Therefore the Company seeks to obtain shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act, and for this reason, and for all other purposes, the following information is provided to Shareholders:

- (a) The related parties to whom Resolutions 10, 11 and 12 would permit the financial benefit to be given are the Directors of the Company;
- (b) The nature of the proposed financial benefit to be given is 15,000,000 Director Options with an expiry date of 31 July 2021, with the exercise price at 150% of the five-day VWAP ending on the ASX business day immediately before the date of this Meeting;
- (c) The Director Options, the subject of Resolutions 10, 11 and 12 will be issued for no cash consideration. Any proceeds received from the exercise of the Director Options will be used for working capital and other operational expenses;
- (d) As Resolutions 10, 11 and 12 relate to Directors' remuneration, the Directors have refrained from making a recommendation in relation to these resolutions; and
- (e) Directors have the following interests and other remuneration:

Director (including associated entities)	2018 Financial Year Remuneration	Proposed 2019 Financial Year Remuneration*	Proposed 2019 Financial Year Remuneration**
Stuart Crow	\$100,000	\$328,850	\$698,850
Stephen Promnitz	\$230,384	\$459,234	\$829,334
Nicholas Lindsay	\$60,000	\$288,850	\$658,850
Total	\$390,384	\$1,076,934	\$2,187,034

* Including the accrued value of the Director Options proposed to be granted under Resolutions 10, 11 and 12

** Including the accrued value of the Director Options proposed to be granted under Resolutions 10, 11 and 12, and also the performance rights proposed to be granted under Resolutions 7, 8 and 9

If the Director Options, the subject of Resolutions 10 to 12 are approved, the following will be the effect of their holdings in the Company, this table includes the exercise of the proposed Performance Rights the subject of Resolutions 7 to 9:

Directors (including associated entities)	Current Share & Option Holding	Current % of Total Share & Option Capital	Share & Option Capital Upon Exercise*	% of Total Share & Option Capital Upon Exercise
Stuart Crow	7,512,214	1.48%	17,512,214	3.26%
Stephen Promnitz	21,006,801	4.14%	31,006,801	5.78%
Nicholas Lindsay	1,500,000	0.30%	11,500,000	2.14%
All Other Holders	476,881,717	94.08	476,881,717	88.82%
Total	506,900,732	100.00%	506,900,732	100.00%

If the Director Options granted to the Directors are exercised, a total of 15,000,000 shares would be allotted and issued. This will increase the number of Shares on issue from 472,387,192 to 487,387,192 (assuming that no other Options are exercised or no other Shares issued) with the effect that the shareholding of existing shareholders would be diluted by an aggregate of 3.175%,

comprising 1.058% by each of the directors respectively.

(b) Valuation

The Director Options that are the subject of Resolutions 10, 11 and 12 are not proposed to be quoted on the ASX and as such have no easily identifiable market value. Each Director Option grants the holder a right to subscribe for one Share upon exercise of each Director Option and payment of the exercise price described above. Accordingly, the Director Options may have a present value at the date of their grant.

The Director Options may acquire future value dependent upon the extent to which the market value of Shares exceeds the exercise price of the Director Options during the term of the Director Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

The period outstanding before the expiry date of the options;

- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. Whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (i.e. readily capable of being liquidated) and so on.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black and Scholes option valuation methodology "Black-Scholes Model").

The Company has sought an independent valuation of the Director Options from Stantons International Securities (**SIS**). The method used to value the Director Options was the Black-Scholes Model, which is the most widely used and recognized model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

The data relied upon in the valuation applying the Black-Scholes Model was:

- Exercise price of the Director Options, being 150% of the share price on the day that shareholder approval is received for the issue of the Director Options;
- Market price of Shares of 6.3 cents, being the last price of a listed Lake Resource's share, as at 4pm on 21 June 2019 (last share price before valuation report) valuation as a proxy for the market price at the future date of issue, being the date of the General Meeting to approve the issue;
- options vesting on the date of issue, assumed to be 26 July 2019;
- expiry Date of 31 July 2021;
- volatility measure of 136%;
- risk-free interest rate of 3 year Australian Government bond of 2.148%; and
- dividend yield of 0.00%.

Based on the valuation, the Company has adopted an indicative value for the Director Options of 4.577 cents each, based on the assessed fair value of the Options as calculated in that report.

The total assessed valuation of the Director Options that are the subject of Resolutions 10, 11 and 12 is 4.577 cents per option of a total of \$686,550. It is noted that SIS has valued the Director Options to be

in a range of values between 3.491 cents and 4.907 cents per Director Option, based on volatilities ranging from 100% to 150%.

- (c) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors.

There is no other information known to the Company or any of the Directors save and except as follows:

(i) **Opportunity Costs**

The opportunity costs and benefits foregone by the Company issuing the Director Options to the Directors or their nominees, is the potential dilutionary impact on the issued Share capital of the Company (in the event that the Options are exercised). Until exercised, the issue of the Director Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled Directors on appropriate incentive terms. It is also considered that the potential increase of value in the Director Options is dependent upon a concomitant increase in the value of the Company generally.

(ii) **Trading History of the Shares**

As at 10 July 2019, the closing price of Shares on ASX was \$0.09 cents.

Set out below is the trading history of the closing price of Shares over the past 6 months and 12 months period:

	Market Price (6 months prior to 10 July 2019)	Market Price (12 months prior to 10 July 2019)
High	10.5 cents	13 cents
Low	4.5 cents	4.5 cents

(iii) **Taxation Consequences**

No stamp duty will be payable in respect of the grant of the Director Options. No GST will be payable by the Company in respect of the grant of the Director Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

Directors' recommendation

The Board of Directors do not make any recommendation on Resolutions 10, 11 and 12 because of their personal interest in the subject matter of the Resolutions.

Resolutions 13 and 14 – Ratification of prior issue of Convertible Securities and Financing Options

In accordance with ASX Listing Rule 7.4, the Company is seeking shareholder approval and ratification of the prior issue and allotment of:

- (a) 1,820,500 unsecured convertible securities with a Face Value of \$1.00 per security (estimated to be convertible into 33,712,962 ordinary shares) (**Convertible Securities**); and
- (b) 5,555,000 unlisted Options exercisable at \$0.08 on or before 28 February 2022 (**Financing Options**).

The Convertible Securities and Financing Options were issued on 8 March 2019 under ASX Listing Rule 7.1 to a sophisticated and professional investor pursuant to a Convertible Securities Agreement (**Convertible Securities Issue**).

As announced by the Company to the ASX on 28 February 2019, the Convertible Securities and Financing Options were issued as part of a \$1.65 million financing package.

Full terms and conditions of the Financing Options are set out on in Schedule 4.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue a number of equity securities which is more than 15% of its capital without prior shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

Under ASX Listing Rule 7.4, an issue of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue:

- (a) did not breach ASX Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under ASX Listing Rule 7.1 at the time of the issue); and
- (b) holders of the ordinary securities subsequently approve the issue.

Shareholder approval was not required at the time of the Convertible Securities Issue. However, pursuant to ASX Listing Rule 7.4, the Company is now seeking shareholder approval for the Convertible Securities Issue to enable it to issue further capital, if required, during the 12 month period after the Convertible Securities Issue under ASX Listing Rule 7.1 and under ASX Listing Rule 7.1A, if required, without seeking further shareholder approval.

ASX Listing Rule 7.5

Pursuant to ASX Listing Rule 7.5, the following information is provided to shareholders in respect of ASX Listing Rule 7.4 approval in relation to the Resolutions 13 and 14:

(a) **The number of securities issued:**

The total number of securities issued under Listing Rule 7.1 was:

- (1) 1,820,500 Convertible Securities, estimated to be convertible into 33,712,962 ordinary shares; and
- (2) 5,555,000 Financing Options.

(b) **The price at which the securities were issued:**

- (1) The Convertible Securities were issued and able to convert at a price per Convertible Security as set out in the terms and calculation below.
- (2) The Financing Options were issued for nil cash consideration.

(c) **The names of the persons to whom the entity issued the securities or the basis on which those persons were determined:**

The Convertible Securities and Financing Options were issued to SBI Investments (PR) LLC, an investor invited to subscribe for the Convertible Securities.

(d) **The use (or intended use) of the funds raised:**

The funds raised from the Convertible Securities Issue will be used by the Company towards:

- (1) advancing the preliminary feasibility study at Kachi;;
- (2) accelerating drilling at the Cauchari/Olaroz projects and further exploration at the Company's Paso and Catamarca Pegmatite Projects;
- (3) repaying a portion of the Company's outstanding short term debt; and
- (4) working capital.

(e) **The terms of the unsecured Convertible Securities are as follows:**

- (1) **Maturity Date:** 18 months from the date of issue.
- (2) **Interest Rate:** 15% per annum compounded monthly, payable quarterly in advance in cash.
- (3) **Conversion:** The Convertible Securities are able to convert to fully paid ordinary shares as set out in the calculation below and will rank equally in all respects with the Company's existing ordinary shares on issue. The Convertible Securities may be converted into fully paid ordinary shares (Shares) within 5 Business Days of receipt of a conversion notice from Investor.

The Convertible Securities will be converted in accordance with the following formula:

Number of Shares = ARA / Conversion Price

Where:

ARA means the aggregate of the Repayment Amount of the Convertible Security being converted by the Investor, plus any accrued (but unpaid) Interest which is due and payable on the Conversion Date.

Conversion Price means 90% of three VWAP's of the Shares selected by the Investor for the 20 trading days ending on the date of the Conversion Notice.

(f) **The terms of the Financing Options:**

The Financing Options issued are exercisable at \$0.08 on or before 28 February 2022. The Financing Options, if exercised, will become fully paid ordinary shares and will rank equally in all respects with the Company's existing ordinary shares on issue.

The full terms and conditions of the Financing Options are set out on in Schedule 4.

A voting exclusion statement applies to this item of business, as set out in the notice.

Directors' recommendation

The Directors believe that the approval and ratification of this issue is beneficial for the Company as it will restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolutions 13 and 14.

Enquiries

Shareholders are asked to contact Sinead Teague, Company Secretary, on +61 2 8098 1163 if they have any queries in respect of the matters set out in these documents.

Glossary

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

April Placement means the placement to sophisticated and professional investors as announced by the Company on 9 April 2019.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Board means the current board of Directors of the Company.

Chair means the person chairing the Meeting.

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

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Dollar or **"\$"** means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **EGM** or **Meeting** means the meeting of the Company's members convened by this Notice of Meeting.

June Placement means the placement to sophisticated and professional investors as announced by the Company on 11 June 2019.

Notice, Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated 16 July 2019 including the Explanatory Statement.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proxy Form means the proxy form attached to this Notice of Meeting.

Resolutions means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Share Registry means Link Market Services

Long Term Incentive Plan Rules

Lake Resources N.L.

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1 Definitions and interpretation

(a) These Rules will be known as the 'Long Term Incentive Plan Rules'.

(b) In these Rules, unless the context otherwise requires:

Applicant has the meaning given in rule 7(a).

Application means an application in the form set out in Annexure C or in such other form as the Board may from time to time prescribe, accepting an invitation from the Board to apply for Specified Shares under these Rules.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Award means an Option or Performance Right.

Board means the Directors acting as the board of the Company.

Business Day means a day that is not a Saturday, a Sunday or a public holiday in New South Wales, Australia.

Certificate means the certificate issued by the Company to a Holder in respect of an Award.

Company means Lake Resources N.L. (ABN 49 079 471 980).

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

Director means a director of the Company.

Eligible Participant means an employee of the Company or its subsidiaries, joint venture companies and associates, as the Board determines from time to time (including a director of the Company) or any other person who is declared by the Board to be eligible to receive a grant of an Award under the Plan.

Exercise Price means, in respect of an Option, or a Series of Options, the subscription price per Shares, determined by the Board in accordance with rule 7 payable by a Holder on exercise of the Options.

Grant Date means the date on which the Board resolves to grant the Award.

Group Company means the Company its subsidiaries, joint venture companies and controlled entities.

Holder means the holder of a Share or Award, as the case may be.

Listing Rules means the ASX listing rules, as amended from time to time.

Incentive Shares has the meaning given in clause 2.

Market Value means if the Company is admitted to the official list of the ASX, the weighted average closing sale price of the Shares recorded on the ASX over the last 5 trading days on which sales of the Shares were recorded preceding the day on which the Board resolves to invite an Application for an Option.

Option means an option granted under the Plan to be issued for one Shares in the Company.

Option Exercise Notice means a notice for exercise of Options in accordance with these Rules in the form set out in Annexure D or in such other form as the Board may from time to time prescribe.

Performance Right means an entitlement to be issued a Share subject to satisfaction of Performance Criteria and the corresponding obligation of the Company to issue the Share, pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in these Rules.

Performance Criteria means performance criteria determined by the Board in its absolute discretion in accordance with rule 6.2(a) and which must be satisfied before:

- (a) a Holder is permitted to exercise an Option granted under this Plan; or
- (b) a Performance Right vests, as the case may be.

Permanent Disablement means:

- (a) the illness or incapacity of the Eligible Participant necessitating the permanent withdrawal of the Eligible Participant from the workforce, as accepted to the satisfaction of the Board; or
- (b) any other circumstances which the Board considers should be treated as Permanent Disablement for the purposes of the Plan.

Plan means the 'Long Term Incentive Plan' established in accordance with these Rules.

Related Body Corporate has the same meaning as given to that term in the Corporations Act.

Rules means these rules, as amended from time to time.

Share means an ordinary share in the capital of the Company.

Series in relation to Options or Performance Rights, means Options or Performance Rights (as the case may be) with a common Grant Date.

Specified Shares has the meaning given in rule 5(a).

Trade means

- (a) any dealing with a Shares allotted upon the exercise of an Option or vesting of a Performance Right (where applicable), including but not limited to, a sale, transfer, assignment, encumbrance, option, swap, any alienation of all or any part of the rights attaching to the Incentive Shares; and
- (b) any attempt to do any of the actions set out in paragraph (a) above.

Vesting Notification means a notice to an Eligible Participant informing him or her that his or her Performance Rights have vested.

- (c) Words importing:
 - (i) a gender will include all other genders; and
 - (ii) the singular will include the plural and vice versa.

2 Purpose

The purpose of the Plan is to allow the Board to make offers to Eligible Participants to acquire either directly or, via Awards, Shares (**Incentive Shares**) in the Company.

3 Establishment and termination of the Plan

- (a) The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and subject to the Corporations Act and Listing Rules.

- (b) The Board may terminate the Plan at any time that it considers appropriate in its absolute discretion.
- (c) Where the Board terminates the Plan, the Board cannot grant any further Incentive Shares under the Plan, but all Incentive Shares already granted remain in existence and, notwithstanding the termination, the Plan continues to have effect in relation to those Incentive Shares until the last of them lapses.

4 Entitlement to participate

- (a) The Board may from time to time and in its absolute discretion determine that an Eligible Participant may participate in the Plan and the extent of that participation. In making that determination, the Board may consider:
 - (i) the seniority of the Eligible Participant and the position the Eligible Participant occupies with the relevant Group Company;
 - (ii) the length of service of the Eligible Participant with the Group Company;
 - (iii) the record of employment of the Eligible Participant with the Group Company;
 - (iv) the potential contribution of the Eligible Participant to the growth and profitability of the Group Company;
 - (v) the extent (if any) of the existing participation of the Eligible Participant in the Plan; and
 - (vi) any other matters which the Board considers relevant.
- (b) The Board may exercise its powers in relation to the participation of any Eligible Participant on any number of occasions.
- (c) The Company must obtain security holder approval under the Listing Rules and/or Corporations Act before the participation under the Plan of any Eligible Participant who is a Director of or otherwise a related party of the Company.

5 Issue of invitations

- (a) Subject to the Corporations Act and the Listing Rules, the Board may at such times as it determines, issue invitations (in such form as the Board decides from time to time) to Eligible Participants, or any one or more of them, inviting Applications for a grant of Incentive Shares up to the number specified in the invitation (**Specified Shares**) and specifying an acceptance period.
- (b) The number of Specified Shares will be determined by the Board in its absolute discretion.
- (c) Awards granted under the Plan will be granted free of charge.
- (d) The Board may impose Performance Criteria in accordance with rule 6.2(a).

6 Terms of Incentive Shares

6.1 General terms

Subject to the Board's discretion, the general terms of the Awards (where applicable) are set out in Annexure A and Annexure B.

6.2 Performance Criteria

- (a) Subject to rule 6.2(b), the Board may in its absolute discretion impose Performance Criteria that must be satisfied before:
 - (i) a Holder is permitted to exercise an Option granted under this Plan; or
 - (ii) a Performance Right granted under this Plan vests.
- (b) The Holder may not exercise any of the Options and a Performance Right will not vest until the Board notifies the Holder that the Performance Criteria (if any) has been satisfied.
- (c) Subject to the Listing Rules and where the Board considers it in the Company's best interests, the Board may waive any Performance Criteria.

6.3 Fraudulent or dishonest acts or breach by Holder

If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may:

- (a) deem any unvested Performance Rights or unexercised Options of the Eligible Participant to have lapsed; and
- (b) deem all or any Shares issued pursuant to the exercise or vesting of an Award held by the Eligible Participant to be forfeited – in which event, at the election of the Board in its entire discretion and subject to compliance with all applicable laws and the Company's constitutions:
 - (i) the Company may cancel the forfeited Shares by ordinary resolution passed at a general meeting, under section 258D of the Corporations Act (Act), and notify ASIC of such cancellation within 1 month under section 254Y of the Act; or
 - (ii) the Eligible Participant shall be deemed to have agreed to sell their Shares to the Company pursuant to an employee share buy-back (as defined in the Act) for an aggregate consideration of \$1, with effect from 14 days after lodgement with ASIC of a notice under section 257F of the Act, and the Shares shall then be cancelled, and ASIC notified of such cancellation within 1 month under section 254Y of the Act; or
 - (iii) the Eligible Participant shall be deemed to have appointed any officer of the Company as their agent to sell the Shares on market and to execute related transfers on behalf of the Eligible Participant; and
 - (iv) where any Shares have been sold by or for the Eligible Participant, all the proceeds of any sale shall be held by the Board in trust for the benefit and at the direction of the Company.

6.4 Change of control

In the event of a takeover bid for the Company, any Awards granted to an Eligible Participant will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance conditions applicable to those Awards. In addition, in the event of a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company, the Board may, in its absolute discretion, determine that some or all of an Eligible Participant's Awards vest if pro rata performance is in line with the performance conditions applicable to those Awards.

6.5 Lapse

Where a participant ceases to be an employee of the Company, that participant's Awards will continue to be held by the participant (or by his or her estate as representative) and continue to be subject to these Rules except that any continuous service condition will be deemed to have been waived.

However, prior to or within 60 days after a participant ceases to be an employee of the Company, the Board may determine (in its absolute discretion) that some or all of a participant's Awards will:

- (a) vest or become exercisable;
- (b) are only exercisable for a prescribed period and will otherwise lapse;
- (c) continue to be subject to some or all of the performance conditions; or
- (d) lapse on the date of cessation of employment.

6.6 Restrictions on Trading

- (a) The Board may determine, prior to the offer of the relevant Awards, any restrictions upon Trading in Shares issued pursuant to the exercise of an Awards.
- (b) The Board must provide the Eligible Participants with details of any additional or different restrictions.
- (c) The Company may implement any procedure it considers appropriate to restrict an Eligible Participant from Trading in Shares.

6.7 Exercise Price

Unless otherwise determined by the Board, the Exercise Price of each Option will be a minimum of the Market Value of a Share when the Board resolves to offer the Options.

7 Applications

- (a) Following receipt of an invitation, the Eligible Participant (**Applicant**) may apply for the full number of Specified Shares or part of them by sending to the secretary of the Company an Application.
- (b) The Application must be received by the Company within the acceptance period specified in the invitation.
- (c) The Board is entitled to receive from the Applicant any information that the Board considers necessary concerning the Applicant and the Applicant's entitlement to lodge an Application.
- (d) The Board may reject any Application.

8 Limit on number of shares to be issued

An invitation or offer of Incentive Shares may only be made under the Plan if the number of Shares that may be acquired when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer or Award, being an offer made or Option or Performance Right acquired pursuant to the Plan or any other employee Share scheme was to be accepted or exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee Share scheme,

but disregarding any offer made, or Option acquired or Share issued, by way of or as a result of:

- (c) an offer to a person situated outside of Australia at the time of receipt of the offer; or
- (d) an offer did not require disclosure to investors under the Corporations Act; or
- (e) an offer made under a disclosure document (within the meaning of the Corporations Act),

does not exceed 5% of the total number of issued Shares of the Company as at the time of the invitation or offer.

9 Amendments to the Rules

- (a) Subject to rule 9(b), the Board may alter, delete or add to the Plan or Rules at any time, but for so long as the Company remains on the official list of ASX such alteration, deletion or addition has no effect unless the Listing Rules are complied with.
- (b) No amendment to the provisions of the Plan, or to any restrictions or other conditions relating to any Incentive Shares granted pursuant to the Plan, may be made which reduces the rights of Holders in respect of securities granted to them prior to the date of the amendment, other than any amendment introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse taxation implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to taxation legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of taxation legislation by a Court of competent jurisdiction.
- (c) As soon as is reasonably practicable after making any amendment under rule 9(a), the Board will give notice in writing of the amendment to any Eligible Participant affected by the amendment.

10 Powers of the Board

The Plan will be administered by the Board which has the power to determine procedures from time to time for administration of the Plan consistent with these Rules and resolve conclusively all questions of fact or interpretation arising in connection with the Plan.

11 No incorporation into terms of employment or engagement

The rights and obligations of an Eligible Participant under the terms of his/her office or employment with any Group Company are not affected by his/her participation in the Plan and these Rules do not form part of and are not incorporated into any contract of engagement or employment of any individual or entity with a Group Company and do not confer directly or indirectly on an individual or entity any legal or equitable right whatsoever against a Group Company. No Eligible Participant has any rights of compensation or damages in consequence of the termination of his/her engagement or employment for any reason whatsoever in so far as those rights arise or may arise from his/her ceasing to have rights under the Plan as a result of such termination.

12 Trust

- (a) The Board may at any time:
 - (i) establish a trust for the sole purpose of acquiring and holding Incentive Shares in respect of which an Eligible Participant may or has exercised vested Incentive Shares, including for the purpose of enforcing the Trading provisions under rule 6.6; and
 - (ii) appoint a trustee to act as trustee of the trust.
- (b) The trustee will hold the Incentive Shares as trustee for and on behalf of an Eligible Participant as beneficial owner upon the terms of the trust.
- (c) Without limiting rule 9, the Board may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules to effect the establishment of a trust and the appointment of a trustee as detailed in this rule.

13 Governing Law

The Plan and these Rules will in all respects be governed by and will be construed in accordance with the laws of New South Wales, Australia.

14 Severance

If any provision in these Rules is void, voidable by any party or illegal, it will be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) will be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which will continue in full force and effect.

Annexure A Terms of Options

Unless otherwise determined by the Board when it resolves to issue the Incentive Shares, Options granted under the Plan will include the following general terms:

- 1 The Options will be issued for no consideration.
- 2 Each Option entitles the holder to one Share.
- 3 The exercise price of the Options is the Exercise Price.
- 4 The Options will expire upon the earliest occur of:
 - (a) 5 years or any other date nominated as the expiry date in the invitation letter;
 - (b) the Option lapsing in accordance with the Long Term Incentive Plan; and
 - (c) failure to meet a Performance Criteria or any other conditions applicable to the Option within the prescribed period.
- 5 The Options may be exercised at any time prior to the expiry date, in whole or in part, upon satisfaction of any Performance Criteria and payment of the exercise price per Option.
- 6 The Options will not be quoted and are not transferable except without the prior consent of the Board (not to be unreasonably withheld or delayed) or by force of law upon the holder's death
- 7 The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- 8 All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX, in accordance with the Listing Rules, for all Shares pursuant to the exercise of Options to be admitted to quotation.
- 9 There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to security holders during the term of the Options. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- 10 If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (**Bonus Issue**), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
- 11 In the event of any pro-rata issue of securities (except a Bonus Issue) the exercise price of the Options will be adjusted in accordance with ASX Listing Rule 6.22.2.

- 12 In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

Annexure B Terms of Performance Rights

Unless otherwise determined by the Board when it resolves to issue the Incentive Shares, Performance Rights granted under the Plan will include the following general terms:

- 1 The Performance Right will be granted for no consideration.
- 2 Subject to satisfaction of the Performance Criteria, the Performance Right entitles the holder to be issued 1 Share.
- 3 The expiry date of the Performance Rights is the earliest to occur of:
 - (a) 5 years or any other earlier date nominated as the expiry date in the invitation letter;
 - (b) the Performance Right lapsing in accordance with the Long Term Incentive Plan; and
 - (c) failure to meet a Performance Criteria or any other conditions applicable to the Performance Right within the prescribed period.
- 4 All Shares issued upon satisfaction of the Performance Criteria will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX, in accordance with the Listing Rules, for all Shares pursuant to the satisfaction of Performance Rights to be admitted to quotation.
- 5 There are no participating rights or entitlements inherent in the Performance Rights and the holders will not be entitled to participate in new issues or pro-rata issues of capital to security holders during the term of the Performance Rights. The Performance Right holder has no rights to a change in the number of Shares issued upon satisfaction of the Performance Criteria except in the event of a bonus issue.
- 6 If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (**Bonus Issue**), then upon satisfaction of the Performance Criteria of his or her Performance Rights a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Performance Criteria had been satisfied before the record date for the Bonus Issue.
- 7 In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Performance Right holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.
- 8 Specifically, with respect to Performance Rights to the Non-Executive Director solely under Resolution 8, the Performance Rights will vest in two tranches linked to the following performance criteria:
 - a) 50% vest when a Pre-Feasibility Study is completed; and
 - b) 50% vest when a Pilot Plant is established on-site at the Kachi project in Catamarca;
- 9 Specifically, with respect to Performance Rights to the Managing Director solely under Resolution 9, the Performance Rights will vest in two tranches linked to the following performance criteria:
 - a) 50% vest when a Pre-Feasibility Study is completed; and
 - b) 50% vest when an investment partner signs an agreement to invest into the Kachi Project in Catamarca;
- 10 Specifically, with respect to Performance Rights to the Chairman solely under Resolution 10, the Performance Rights will vest in one tranche linked to the following performance criteria:

- a) 100% will vest when an investment partner signs an agreement to invest into the Kachi Project in Catamarca

Annexure C Application for Incentive Shares

Lake Resources N.L. (the **Company**)

Long Term Incentive Plan

Application for Incentive Shares

I

of

.....

hereby apply for:

- (a) Shares in the capital of the Company; and
- (b) Options to subscribe for an equal number of Shares in the capital of the Company at an Exercise Price of \$..... per Shares; and
- (c) Performance Rights to subscribe for an equal number of Shares in the capital of the Company,

and I agree that upon issue of those Options and/or Performance Rights, I will hold those Options and/or Performance Rights and deal with them only in accordance with the terms and conditions of the said Employee Performance Rights and Option Plan of the Company (a copy of which is attached hereto) and subject to and in accordance with the constitution of the Company.

Dated this..... day of

Signed:

Name:

Annexure D Option exercise notice

Lake Resources N.L.

Employee Long Term Incentive Plan

Option Exercise Notice

To: The Directors

 [*insert name*] (the **Company**)

I/We

of

hereby exercise my/our Options to subscribe for:

..... Shares (fully paid ordinary) in the capital of the Company at an Exercise Price of
\$..... per Share and enclose payment in full of \$.....

I/We request you allot to me/us and I/we agree to accept the Shares subject to the constitution of the Company.

Signature of Applicant:

Dated this..... day of

Schedule 2 – Director Options Terms and Conditions

The terms and conditions of these Director Options (referred to as **Options** only in this Schedule 2) are as follows:

- (a) Each Option, subject to the terms and conditions set out in this Schedule 2, gives the holder of the Options (**Optionholder**) the right to subscribe for 1 fully paid ordinary share in the Company (**Share**) per Option issued. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- (b) Subject to clause (xv), the Options will expire at 5:00pm (AEST) on 31 July 2021 (**Expiry Date**) and any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Options will be exercisable at 150% of the five-day VWAP ending on the ASX business day immediately before the date of the Meeting at which the options are approved (Exercise Price). (**Exercise Price**).
- (d) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (e) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are freely transferrable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company is not applying for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

- (m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (o) In the event the Optionholder resigns from the Company's board of directors, all unexercised Options will immediately lapse on the date of resignation.

Schedule 3 – June Placement Options Terms and Conditions

The June Placement Options, will have the following terms and conditions:

- (a) The June Placement Options will be exercisable at \$0.10 each (**Exercise Price**).
- (b) Unless exercised earlier, the June Placement Options will expire at 5:00pm AEST on 15 June 2021 (**Expiry Date**). June Placement Options not exercised before the June Placement Option Expiry Date will expire.
- (c) The June Placement Options will entitle the holder to subscribe for one fully paid ordinary Share in the Company.
- (d) The June Placement Options are exercisable at any time prior to the June Placement Option Expiry Date.
- (e) The June Placement Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise (**Option Exercise Notice**) together with a cheque or electronic funds transfer for the full payment of the Exercise Price to the Registered Office of the Company at any time prior to the Additional Option Expiry Date.
- (f) Upon the valid exercise of the June Placement Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the existing Shares of the Company.
- (g) The June Placement Options will be freely transferrable at any time before the Expiry Date and may be exercised by any other person (including, in the case of the Option holder's death, by his or her legal personal representative).
- (h) Eligible Shareholders will be permitted to participate in new issues of securities of the Company on the prior exercise of the June Placement Options, in which case the holder of the June Placement Options will be afforded such period of notice as prescribed under the ASX Listing Rules prior to and inclusive of the book's closing date (to determine entitlements to the issue) to exercise the June Placement Options.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (1) the number of June Placement Options, the exercise price of the June Placement Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules with the intention that such reconstruction will not result in any benefits being conferred on the holders of the June Placement Options which are not conferred on Shareholders; and
 - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the June Placement Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue), then:
 - (1) at the time of the pro rata issue (except a bonus issue), the exercise price of an June Placement Option may be reduced according to the following formula:

$$O^n = O - E [P - (S + D)]$$

$$N + 1$$

Where:

- O^n = the new exercise price of the June Placement Option;
- O = the old exercise price of the June Placement Option;
- E = the number of underlying securities into which one June Placement Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

Otherwise the exercise price of the June Placement Option shall remain unchanged.

- (k) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the June Placement Option is exercisable may be increased by the number of Shares which the Eligible Shareholder would have received if the June Placement Option had been exercised before the record date for the bonus issue.
- (l) The terms of the June Placement Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the June Placement Options shall not be changed to reduce the Exercise Price, increase the number of June Placement Options or change any period for exercise of the Options.
- (m) The June Placement Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian Securities laws.

Schedule 4 – Financing Options Terms and Conditions

Issuer:	Lake Resources N.L. ACN 079 471 980.
Type and class of securities:	The Securities constitute direct, unsubordinated and unsecured debt obligations of the Issuer.
Quotation:	The Securities will be unlisted and accordingly, will not be quoted on ASX.
Conditions:	<p>The obligations of the Investor to subscribe for the securities and advance the funds are subject to the satisfaction of a number of conditions, including but not limited to:</p> <ul style="list-style-type: none"> (a) the Company having existing placement capacity or obtaining shareholder approval for the issue of the Securities; (b) in respect of the Second Investment Amount only, the Company having converted or repaid 75% of the First Investment Securities; and the parties agreeing to the number of Second Investment Securities to be issued.
Funded Amount:	<p>Up to A\$5,000,000 in total.</p> <p>First Investment Amount- \$1,655,000</p> <p>Second investment Amount - \$500,000 up to \$3,345,000.</p>
Face Value:	The Securities will be issued with a Face Value of \$1.00
Status and Ranking:	The Securities rank equally amongst themselves and at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer.
Negative Pledge:	<p>The Securities will have the benefit of a negative pledge as regards the encumbrance of its present and future assets or revenues. Security may be granted where the Company obtains the prior consent of the Investor or grants security to the Investor on equal terms with any new security interest (Negative Pledge).</p> <p>The Investor may elect for the Securities to be repaid in part where the Company intends to enter into arrangements such as incurring any debt in excess of that existing at the issue date, for more than \$300,000, materially changing or ceasing to carry on its business.</p>
Transfer:	<p>The Securities are initially non-transferrable, except to other Sophisticated Investors or Professional Investors (within the meaning of the Corporations Act).</p> <p>The Issuer may, at its discretion, issue a prospectus pursuant to section 713 of the Corporations Act to facilitate further transferability of the Securities.</p>
Conversion:	<p>The Securities may be converted into fully paid ordinary shares in the Issuer (Shares) within 5 Business Days of receipt of a conversion notice from the Investor</p> <p>The Securities will be Converted in accordance with the following formula:</p> <p>Number of Shares = ARA / Conversion Price</p> <p>Where:</p> <p>ARA means the aggregate of the Repayment Amount of the Convertible Security being converted by the Investor, plus any accrued (but unpaid) Interest which is due and payable on the Conversion Date.</p> <p>Conversion Price means 90% of three VWAP's of the Shares selected by the Investor for the 20 Trading Days ending on the date of the Conversion Notice.</p>
No Shorting:	The Investor will not, and will cause its affiliates not to, engage in shorting of the Company shares while the Convertible Securities Agreement is in place.
First Investment Amount	
Interest Rate:	The Securities issued under the First Investment Amount attract interest at 15% per annum, compounded monthly, payable quarterly in advance in cash.
Maturity Date:	The Securities will mature on the date that is 18 months from their date of issue.
Options:	The Investor will initially be issued 5,555,000 options exercisable at \$0.09 in connection with the First Investment Amount.

Second Investment Amount	
Second investment:	A further \$500,000 up to \$3,345,000 of unsecured convertible securities may be offered to the Issuer subject to certain conditions and mutual agreement.
Maturity Date:	12 months from the date of issue of the Securities
Options:	The number of Options equal to 50% of the Second Investment Amount priced at 120% of the market price of the Company's Shares before the issue of the second Investment Securities.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Lake Resources N.L.
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **11:00am (AEST) on Tuesday, 13 August 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Lake Resources N.L (Company) and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **11:00am (AEST) on Thursday, 15 August 2019 at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 6, 7, 8, 9, 10, 11 & 12: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting (provided that the Chairman is a not a related party entitled to the benefit of the respective resolution) to exercise the proxy in respect of Resolutions 6, 7, 8, 9, 10, 11 & 12, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Ratification of prior issue of June Placement Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval to grant Performance Rights to Stuart Crow under LTI Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of prior issue of June Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of Grant of Director Options to Stuart Crow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of April Placement Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approval of Grant of Director Options to Stephen Promnitz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of April Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of Grant of Director Options to Dr Nicholas Lindsay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of the issue of June Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Ratification of prior issue of Convertible Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Long-Term Incentive (LTI) Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to grant Performance Rights to Dr Nicholas Lindsay under LTI Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval to grant Performance Rights to Stephen Promnitz under LTI Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

LKE PRX1902D