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DRAFT

Kachi Project Finance – Additional Export Credit Agency Support via Export Development Canada (“EDC”)

- Canada’s Export Credit Agency, EDC, has provided a Letter of Interest to potentially participate alongside UK Export Finance, to support approximately 70% of the total finance required for Lake’s flagship Kachi Lithium Project, subject to standard project finance terms.
- Canada’s EDC indicated the ability to provide direct lending to the project up to US\$100 million, subject to sourcing requirements. Such direct lending would be at the attractive OECD Fixed Commercial Interest Reference Rate (“CIRR”) applicable at the date of signing.
- ECA backing provides significantly lower cost of capital than traditional debt financing and demonstrates additional confidence in clean lithium technology.
- The ESG benefits at Kachi remain strong which coupled with the potential ECA support makes international banks keen to be involved in this project.

Clean lithium developer Lake Resources NL (ASX: LKE; OTC:LLKKF) continues to demonstrate financial support for its flagship Kachi Lithium Project, after receiving a formal Letter of Interest (LOI) from Canada’s official Export Credit Agency (ECA), Export Development Canada (EDC).

EDC’s LOI does not increase the level of potential project finance available from Export Credit Agencies for the project but does increase sourcing flexibility, greater access to low-cost direct lending and reflects additional confidence around shared financing for a robust project.

It is planned to have EDC’s participation to run alongside the UK Export Finance (UKEF) as lead ECA, under a Common Terms Agreement to cover approximately 70% of the total Kachi project funding requirements, subject to standard project finance conditions.

Canada’s EDC would potentially provide direct lending at the OECD CIRR to the project up to US\$100 million, subject to sourcing requirements. As at 6 September 2021 the OECD CIRR US\$ interest rate of this type of loan with a repayment period of 8.5 years is 1.77% fixed. (This coupon excludes the EDC’s premium which will be Governed by the OECD rules).

EDC is a financially self-sustaining Crown Corporation wholly owned by the Government of Canada. As the official export credit agency of Canada, EDC is mandated to provide innovative financing, insurance, and risk management services to help Canadian exporters and investors expand their international business. EDC has developed considerable in-house expertise in structured and project finance, in which they have been active for over 20 years. Since 1995 EDC has closed more than 420 transactions in the power and utilities, oil and gas (upstream and downstream), mining, telecommunications, infrastructure and commodities sectors that in aggregate have amounted to over USD 31 billion.

LAKE RESOURCES NL

Level 5, 126 Phillip Street
Sydney NSW 2000
+61 2 9188 7864

LAKERESOURCES.COM.AU
ASX:LKE FRA:LK1 OTC:LLKKF

Having UKEF and EDC working together will be most welcomed by LKE and demonstrates potential further official backing for Lake's clean lithium project. The project finance would deliver a significantly lower cost of capital than traditional financing structures, with the principal repaid over an 8.5 year period post-construction. The Kachi Project provides significant ESG benefits for key stakeholders, including the local community and the global clean energy drive towards net zero emissions. The lower interest rate and longer repayment terms associated with ECA financing minimises the financial risks with this level of funding.

The LOI from EDC and EOI from UKEF are not binding commitments and are subject to a series of standard project finance terms and due diligence, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), an Environmental and Social Impact Assessment (ESIA) and Equator Principles.

Lake's Managing Director, Steve Promnitz commented: *"Having Canada's direct sovereign lending alongside the UK's sovereign support considerably de-risks the project for the international banks who continue to express strong interest to be part of Kachi's development". "Admittedly Lake has significant work to convert these EOI's into committed funding arrangements". "These EOI's are a road map and if Lake does what it says it's going to do in the DFS and ESIA, the project will be funded."*

The DFS and ESIA are well advanced, targeting completion by the end of Q1, 2022. Lake is well funded through to the final investment decision (FID) on construction finance for Kachi, anticipated in mid-2022, with A\$26 million in cash and cash equivalents at the end of the June quarter 2021.

This announcement has been approved by the LKE Board, SD Capital and GKB Ventures for distribution.

For further information please contact:

Steve Promnitz, Managing Director
+61 2 9188 7864
steve@lakeresources.com.au

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Regulation 13

About Lake Resources NL (ASX:LKE OTC:LLKKF) –

Clean high purity lithium using efficient disruptive clean technology - in demand by EV makers and lithium ion batteries

Lake Resources NL (ASX:LKE, OTC: LLKKF) is a clean lithium developer utilising direct extraction technology for production of sustainable, high purity lithium from its flagship Kachi Project within the Lithium Triangle in Argentina among other projects covering 200,000 ha. This direct extraction method delivers a solution for two rising demands of electric vehicle batteries – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials.

1. **Clean-Tech:** Efficient, disruptive, cost-competitive technology using well-known water treatment re-engineered for lithium (not mining). Technology partner, Lilac Solutions Inc, supported by Bill Gates led Breakthrough Energy fund and MIT's The Engine fund.

2. **High Purity:** 99.97% purity lithium carbonate samples for a premium price. Demonstrated high quality in NMC622 lithium ion batteries (refer ASX announcement 20 October 2020; 2 March 2021).

3. **Sustainable /ESG:** Far smaller environmental footprint than conventional methods, that returns virtually all water (brine) to its source with a low CO2 footprint.

4. **Prime Location, Large Projects:** Flagship Kachi project in prime location among low cost producers with a large lease holding (70,000 ha) and expandable resource (4.4 Mt LCE) of which only 20% is used for 25 years production at 25,500tpa (JORC Resource: Indicated 1.0Mt, Inferred 3.4Mt, refer ASX announcement 27 November 2018). Pre-feasibility study by tier 1 engineering firm shows large, long-life low-cost operation with US\$1.6 billion NPV pretax, and annual EBITDA of US\$260 million from 2024 (refer ASX announcement 17 March 2021; 28 April 2020,).

An innovative direct extraction technique, based on a well-used ion exchange water treatment method, has been tested for over 18 months in partnership with Lilac Solutions, with a pilot plant module in California operating on Kachi brines and has shown 80-90% recoveries. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low impurities (refer ASX announcement 20 October 2020). The first samples of high purity (99.97% purity) battery quality lithium carbonate were tested in a NMC622 battery by Novonix with excellent results (2 March 2021).

This method of producing high purity lithium can revolutionise and disrupt the battery materials supply industry as it's scalable, low cost, and delivers a consistent product quality.

Lake's other projects include the Olaroz and Cauchari brine projects, located adjacent to major world class brine projects in production or construction, including Orocobre's Olaroz lithium production and adjoins the impending production of Ganfeng Lithium/Lithium Americas' Cauchari project. Lake's Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining leases and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 12 June 2019, 23 March 2021).

For more information on Lake, please visit <http://www.lakeresources.com.au/home/>

Latest OECD CIRR

<https://www.oecd.org/trade/topics/export-credits/documents/cirrs.pdf>