

Lake Resources N.L.
Level 5, 126 Phillip Street
Sydney NSW 2000
ACN: 079 471 980

info@lakeresources.com.au
<http://www.lakeresources.com.au>



Lake Resources N.L.

Notice of Extraordinary General Meeting

Explanatory Statement | Proxy Form

9 March 2021

9.00AM AEDT

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.

Contents

Venue and Voting Information	2
Notice of Extraordinary General Meeting – Agenda and Resolutions	5
Notice of Extraordinary General Meeting – Explanatory Statement	9
Glossary	14
Schedule – Terms of the Placement Options	16
Proxy Form	Attached

Important Information for Shareholders about the Company's EGM –

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at **2 February 2021**.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <http://www.lakeresources.com.au>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the EGM as a virtual meeting, in a manner that is consistent with the temporary modifications to the *Corporations Act 2001* (Cth) introduced by the Commonwealth Treasurer.

Venue and Voting Information

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am AEDT on Tuesday 9 March 2021 as a **virtual meeting (Meeting or Extraordinary General Meeting)**.

If you are a shareholder and you wish to virtually attend the EGM (which will be broadcast as a live webinar), please **pre-register** in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_nbMziZyTSiSdzMocVUMiFA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the EGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to the Company Secretary at cosec@lakeresources.com.au at least 48 hours before the EGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

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

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the EGM will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their *username* and *password*.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website

(<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the EGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your *username* and *password*.
2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.

(Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

Voting by proxy

A member entitled to attend and vote at the meeting may appoint a proxy.

The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Directors of the Company encourage Shareholders to participate in the meeting via the online platform. Whilst shareholders will be able to vote online during the meeting, shareholders are encouraged to lodge a direct vote or proxy ahead of the meeting, even if they are participating online.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

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

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By post	Automic, GPO Box 5193, Sydney NSW 2001
By hand	Due to COVID-19 restrictions hand delivery of proxies will not be available

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 provide to the Share Registry prior to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Submitting Questions

Shareholders are encouraged to submit any questions they may have of the Company in writing to the Company Secretary at cosec@lakeresources.com.au by 9.00 am (AEDT) on Monday 8 March 2021, the day prior to the meeting. The Company will also provide Shareholders with the opportunity to ask questions during the meeting by submitting questions by email to cosec@lakeresources.com.au. The Company will provide further updates regarding this process through the ASX announcements platform and shareholder updates prior to the meeting.

Eligibility to vote - Record Date

Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm Sydney time on Sunday 7 March 2021 (Record Date). The Company encourages Shareholders to submit their proxy form which accompanies this Notice by 9.00am on Sunday 7 March 2021.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any resolution, in which case an ASX announcement will be made.

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 9.00 am (AEDT) on Tuesday 9 March 2021 as a **virtual 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.

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 the Placement Shares issued under Listing Rules 7.1 and 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 125,000,000 shares issued on 27 January 2021 (**Placement Shares**) as part of the **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) any person who participated in the Placement; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 1 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - b. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. **Resolution 2** – Approval of the Issue of the Attaching 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 62,500,000 warrants (**Attaching Options**) as part of the **Placement** and 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 2 by or on behalf of:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Attaching Options (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. **Resolution 3 – Approval of the Issue of the Roth 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 11,250,000 warrants (**Roth Options**) as part of the **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:

- (c) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Roth Options (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (d) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (iv) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (v) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (vi) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. **Resolution 4 – Ratification of prior issue of Collateral 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 25,000,000 shares issued on 27 November 2020 as part of the **November 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) Acuity Capital Investment Management Pty Ltd; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. **Resolution 5 – Ratification of prior issue of the Further Acuity 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 40,000,000 shares issued on 19 January 2021 (**Further Acuity Shares**) as part of the **January 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 5 by or on behalf of:

- (a) Acuity Capital Investment Management Pty Ltd; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. **Resolution 6 – Ratification of prior issue of the Consideration 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 710,900 shares issued on 19 January 2021 (**Consideration Shares**) as part of the **January 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 6 by or on behalf of:

- (a) any person who participated in the issue of the Consideration Shares; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (iii) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board


Garry Gill
Company Secretary

8 February 2021

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 9.00 am (AEDT) on Tuesday 9 March 2021 at Level 5, 126 Phillip Street Sydney NSW 2000 and as a **virtual meeting**.

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

Resolution 1 – Ratification of prior issue of Placement Shares made in accordance with ASX Listing Rules 7.1 and 7.1A

Background

The Company issued 125,000,000 fully paid ordinary shares at A\$0.165 per share for \$20.625 million in new capital before costs pursuant to a placement to institutional investors on 27 January 2021 (**Placement**).

Shareholder approval is being sought to ratify the prior issue and allotment of the Placement shares, of which 83,401,638 were issued under ASX Listing Rule 7.1 and 41,598,362 were issued under ASX Listing Rule 7.1A (Resolution 1).

ASX Listing Rules 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 26 November 2020.

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 Listing Rule 7.1A, the previous issue is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- (a) the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- (b) the Previous Issue is subsequently approved by Shareholders (Shareholder Ratification).

Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1 and to reinstate the Company's capacity to issue up to 10% of its ordinary issued capital under ASX Listing Rule 7.1A 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) 83,401,638 Placement Shares were issued pursuant to ASX Listing Rule 7.1 and 41,598,362 were issued under ASX Listing Rule 7.1A (Resolution 1).
- b) The Placement Shares were issued at an issue price of \$0.165 per share.
- c) The Placement Shares rank equally in all respects with the Company's existing ordinary shares on issue.
- d) The Placement Shares were issued as part of the Placement to institutional investors (as identified by the lead manager and broker to the Placement, Roth Capital Partners LLC) who follow the clean tech battery materials sector and will broaden the Company's exposure to international financial markets.
- e) The Placement Shares were issued on 27 January 2021.
- f) Funds raised from the Placement will be used to operate the lithium chloride direct extraction Pilot plant in California, commission the Demonstration Plant on site at Kachi to produce larger samples for off-takers complete the Definitive Feasibility Study (DFS) at Kachi complete the Environmental and Social Impact Study (ESIA) at the Kachi Project exploration and evaluation studies across all projects and for additional working capital.
- g) 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 1.

Resolutions 2 and 3 – Approval of the Issue of the Attaching Options and Roth Options (Placement Options)

Resolutions 2 and 3 seek the approval by shareholders for the issue of the Attaching Options and Roth Options, respectively, as part of the Placement (as referred to in Resolution 1 above) (**Placement Options**). The Placement Shares, if issued, will be issued at a price of \$0.165 per Share and allow the holders to elect to apply for one Attaching Option for every two Placement Shares held subject to the receipt of Shareholder approval (which is being sought under this Notice). In addition, the lead manager and broker to the issue, Roth Capital Partners LLC (**Roth**), is entitled to receive the 11,250,000 Roth Options subject to the receipt of Shareholder approval (which is being sought under this Notice) as part of their fee for conducting the placement.

The Placement Options, if issued, will be exercisable at \$0.30 each at any time until their expiry, the date of which will be 2 years from the date of shareholder approval. Full terms and conditions of the Placement Options are as set out in the Schedule.

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 Resolutions 2 and 3 is that the Company will be able to issue the Placement Options without the Placement 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 the Attaching Options to the holders of the Placement Shares and the issue of the Roth Options to Roth, and the requirements of Listing Rule 7.3 the following information is provided to shareholders.

- a) The maximum number of Attaching Options to be issued is approximately 62,500,000 (subject to rounding, with any fractional entitlements to be rounded down). In addition, the Company proposes to issue 11,250,000 Roth Options.
- b) The Placement Options will be issued within 3 months from the date of approval in accordance with ASX Listing Rule 7.3.2.

- c) The allottees of the Attaching Options are the holders of the Placement Shares and the allottee of the Roth Options is Roth (each of whom are not related parties of the Company).
- d) The Attaching Options are free-attaching options in which participants to the Placement will receive one Placement Option for every two Placement Shares subscribed for by the participants to the Placement, subject to the receipt of shareholder approval (which is being sought under this Notice).
- e) The Roth Options are proposed to be issued to Roth Capital Partners LLC as part of their fee for conducting the Placement as lead manager and broker.
- f) The full terms and conditions of the Placement Options are set out in the Schedule.
- g) 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 2 and 3.

Resolution 4 – Ratification of prior issue of Collateral Shares issued under Listing Rule 7.1

Background

On 31 July 2018, the Company entered into and announced it had entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital. Under the CPA, the Company retains full control of all aspects of the placement process, having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on the Company to utilise the CPA and it may terminate the CPA at any time, without cost or penalty. Neither Acuity Capital nor the CPA places any restrictions (at any time) on the Company raising capital through other methods. If the Company does decide to utilise the CPA, the Company is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by the Company and a 10% discount to a Volume Weighted Average price (VWAP) over a period of the Company's choosing.

As a requirement for the Agreement, as announced on 2 August 2018 the Company agreed to place 15 million shares (**Initial Collateral Shares**) from its ASX Listing Rule 7.1 capacity, for no cash consideration to Acuity Capital. The Company may at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to obtaining shareholder approval). Shareholder approval was sought and obtained to ratify the 15,000,000 shares issued under ASX Listing Rule 7.1 (See Notice of Meeting dated 25 January 2019 and Results of Meeting dated 27 February 2019).

The Company has since utilised the CPA to raise \$4.755m, including towards working capital (see Company announcements dated 1 September 2021, 22 September 2020 and 19 January 2021).

On 27 November 2020, the Company announced that it had agreed to extend the maturity date of the CPA by two years and increase the amount of capital available under the CPA by an additional \$5.5m. Due to the extension and increase as well as following changes to the capital structure (particularly the number of shares on issue) since the Company and Acuity Capital originally entered into the CPA in 2018, the Company agreed to increase the number of shares held as a requirement under the CPA by Acuity Capital by an additional issue of 25,000,000 shares (**Collateral Shares**). These additional 25,000,000 shares were issued for no cash consideration. However, as per the original CPA terms, the CPA may be terminated by the Company with no cost or penalty at any time and the Company may buy back the full 40,000,000 Collateral Shares held as a requirement by Acuity Capital under the CPA and cancel them (subject to obtaining shareholder approval).

Shareholder approval is being sought to ratify the prior issue and allotment of the 25,000,000 shares on 27 November 2020, of which all 25,000,000 were issued under ASX Listing Rule 7.1 (Resolution 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 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 7.4

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 Listing Rule 7.1A, the previous issue is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- (a) the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- (b) the Previous Issue is subsequently approved by Shareholders (Shareholder Ratification).

Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1 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) The 25,000,000 Collateral Shares were issued pursuant to ASX Listing Rule 7.1. (Resolution 4).
- b) The Collateral Shares were issued for no cash consideration being a requirement under the terms of the CPA facility.
- c) The Collateral Shares rank equally in all respects with the Company's existing ordinary shares on issue.
- d) The Collateral Shares were issued to Acuity as a requirement under the terms of the CPA arrangement. The CPA provides the Company with another source of capital and financial flexibility for the Company.
- e) No funds were raised from the issue.
- f) The Collateral Shares were issued on 27 November 2020.
- g) 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 4.

Resolutions 5 and 6 – Ratification of prior issue of the Further Acuity Shares and Consideration Shares (January Placement Shares**) issued under Listing Rule 7.1 and 7.1A**

Background

The Company issued 40,000,000 fully paid ordinary shares at approximately A\$0.0844 per share to raise \$3.375 million in new capital to Acuity Capital (**Further Acuity Shares**) pursuant to the CPA (details of the CPA are provided above in the explanatory note to Resolution 4) and 710,900 fully paid ordinary shares in a share-based payment to a consultant to the Company having a consideration of \$60,000 (**Consideration Shares**). The Further Acuity Shares and the Consideration Shares (**January Placement Shares**) were issued on 19 January 2021.

Shareholder approval is being sought to ratify the prior issue and allotment of the January Placement Shares, of which 710,900 (the Consideration Shares) were issued under ASX Listing Rule 7.1 (Resolution 6) and 40,000,000 (the Further Acuity Shares) were issued under ASX Listing Rule 7.1A (Resolution 5).

ASX Listing Rules 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 26 November 2020.

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 Listing Rule 7.1A, the previous issue is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- (a) the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- (b) the Previous Issue is subsequently approved by Shareholders (Shareholder Ratification).

Shareholder approval is now sought for the issues of securities set out below, pursuant to ASX Listing Rule 7.4, to reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1 and to reinstate the Company's capacity to issue up to 10% of its ordinary issued capital under ASX Listing Rule 7.1A 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 January Placement Shares:

- a) 710,900 shares (the Consideration Shares) were issued pursuant to ASX Listing Rule 7.1 and 40,000,000 shares (Further Acuity Shares) were issued under ASX Listing Rule 7.1A (Resolution 4).
- b) The January Placement Shares were issued at an issue price of approximately \$0.0844 per share.
- c) The January Placement Shares rank equally in all respects with the Company's existing ordinary shares on issue.
- d) The Further Acuity Shares were issued to Acuity Capital pursuant to the CPA (the details of the CPA are provided above in the explanatory note to Resolution 4 above) and raised \$3,375,000.
- e) The Consideration Shares were issued to a consultant to the Company as a share-based payment having a consideration of \$60,000.
- f) Funds raised from the January Placement will be applied primarily to the conduct of the DFS and for working capital purposes.
- g) 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 5 and 6.

Enquiries

Shareholders are asked to contact the Company Secretary on (02) 8098 1163 or emailing the Company Secretary at cosec@lakeresources.com.au if they have any queries in respect of the matters set out in these documents.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Acuity Capital means Acuity Capital Investment Management Pty Ltd atf Acuity Capital Holdings Trust.

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.

Attaching Options means the warrants proposed to be issued to the holders of the Placement Shares pursuant to the Placement.

Board means the current board of Directors of the Company.

Chair means the person chairing the Meeting.

Collateral Shares means the placement to Acuity on the extension of the Controlled Placement Agreement as announced by the Company on 27 November 2020 and issued on 27 November 2020.

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

Consideration Shares means the Shares issued to a consultant on 19 January 2021 pursuant to the January Placement.

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.

Further Acuity Shares means the Shares issued to Acuity Capital on 19 January 2021 pursuant to the January Placement.

January Placement means the placement to Acuity Capital and a consultant as announced by the Company on 19 January 2021 and issued on 19 January 2021.

January Placement Shares means the Shares issued on 19 January 2021 pursuant to the January Placement, being the Further Acuity Shares and the Consideration Shares.

Placement means the placement to sophisticated and professional investors as announced by the Company on 25 January 2021 and issued on 27 January 2021.

Placement Options means the warrants proposed to be issued pursuant to the Placement, being the Attaching Options and the Roth Options.

Placement Shares means the Shares issued pursuant to the Placement.

Notice, Notice of Meeting or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting dated Monday 8 February 2021 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.

Roth means Roth Capital Partners LLC.

Roth Options means the warrants proposed to be issued to Roth pursuant to the Placement.

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

Shareholder means a holder of a Share.

Share Registry means Automatic Registry Services

Schedule

Terms of the Placement Options

The Placement Options, to be issued, will have the following terms and conditions;

- (a) The Placement Options will be exercisable at \$0.30 each (Exercise Price).
- (b) Unless earlier exercised, the Placement Options will expire two (2) years from the date of the Shareholder approval to issue the Placement Options (Expiry Date). Placement Options not exercised before the Expiry Date will expire.
- (c) The Placement Options will entitle the holder to subscriber for one Share in the Company.
- (d) The Placement Options are exercisable at any time prior to the Expiry Date.
- (e) The Placement Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment, in cash by wire transfer of immediately available funds, of the Exercise Price multiplied by the number of Placement Options being exercised.
- (f) Upon the valid exercise of the Placement Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares in the Company.
- (g) There are no participating rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered during the currency of the Placement Options, except upon exercise of the Placement Options.
- (h) In the event of any reconstructions (including consolidation, division, reduction or return) of the issued capital of the Company, the Placement Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (i) If there is a pro rata issue (except a bonus issue) to the holders of Ordinary Shares, the Exercise Price may be reduced according to the following formula:

$$O' = \frac{E [P - (S+D)]}{N + 1}$$

O' = the new Exercise Price of the Placement Option.

O = the old Exercise Price of the Placement Option.

E = the number of Ordinary Shares into which one Placement Option is exercisable. Note: E is one unless the number has changed because of a bonus issue.

P = the volume weighted average market price per security of the Ordinary Shares, calculated over the 5 Trading Days ending on the day before the ex-rights date or ex-entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing Ordinary Shares (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.

- (j) If there is a bonus issue to the holders of Ordinary Shares in the Company, the number of securities over which the Placement Options are exercisable may be increased by the number of securities which the holder of the Placement Options would have received if the Placement Options had been exercised before the record date of the bonus issue.
- (k) The provisions of the Placement Options may be amended or waived only if the Company has obtained the written consent of the holders of the majority of the Placement Options then outstanding. Any amendment would have equal effects to all Placement Options then outstanding and no consideration will be offered to any holder in relation to any amendment unless the same consideration is offered to all holders pro rata.
- (l) Subject to Chapter 6D of the Corporations Act which prevents on-sale within 12 months to Australian retail investors where further disclosure would be required, the Placement Options may be offered for sale, sold, transferred, pledged or assigned without the consent of the Company. Subject to any restrictions under applicable law arising because of the identity of a particular proposed transferee, if the Placement Options are transferred, the holder of the Placement Options must assign and novate the Placement Option agreement to the transferee on the same terms and conditions as if the transferee were the original holder of the Placement Options.

Proxy Voting Form

If you are attending the virtual Meeting
please retain this Proxy Voting Form
for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **9.00am (AEDT) on Sunday, 7 March 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

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

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

