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Kachi Project Finance – Strong Expression of Interest to Fund Project to approximately 70% of total Kachi Project funding requirements

- **UK Export Finance, the Export Credit Agency of the United Kingdom, has provided a strong Expression of Interest to support approximately 70% of the total finance required for Lake's flagship Kachi Lithium Project, subject to standard project finance terms.**
- **Finance available to support expanded production to 50,000 tpa of high purity lithium carbonate equivalent, amid accelerating demand for battery-grade lithium.**
- **UKEF's Expression of Interest will encourage a UK-led sourcing strategy while allowing flexibility for other leading ECAs to participate.**
- **ECA backing provides significantly lower cost of capital than traditional debt financing and demonstrates a vote of confidence in clean lithium technology and its ESG benefits at Kachi.**

Clean lithium developer **Lake Resources NL (ASX: LKE; OTC:LLKKF)** has taken a major step forward in securing financial support for its flagship Kachi Lithium Project, after receiving a formal Expression of Interest (**EOI**) from the United Kingdom's official Export Credit Agency (**ECA**), UK Export Finance (**UKEF**), to cover approximately 70% of the total Kachi project funding requirements, subject to standard project finance conditions.

Together with demonstrating 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 funding also reflects the Kachi Project's 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 and will drive development of the project in Catamarca Province, Argentina

The EOI has indicated that total funding could be increased to include 70% of an expanded production plant to 50,000 tpa high purity lithium carbonate equivalent. This comes amid accelerating demand from leading battery and EV makers for sustainably produced, battery quality lithium, with increasing projections of a growing structural supply deficit.

UKEF is the United Kingdom's official export credit agency, which in the last five years has provided £14 billion (A\$26.4 billion) of support for UK exports and international trade.

UKEF has provided a very strong EOI which is in line with the OECD Arrangements for Officially Supported Export Credits. UKEF's support is not conditional on other ECAs participating. UKEF has stipulated minimum UK content requirements but is welcoming the participation of other ECAs, with whom discussions are ongoing. UKEF's EOI includes the possibility of a portion of direct lending at the OECD CIRR rates linked to the UK content.

The EOI is not a binding commitment and is 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**) to Equator Principles.

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The EOI provides an indication of available country limits for Argentina, an indication of the attractiveness of the project, and it covers, in principle, the level of financial support and their flexibility and desired conditions. The official British Government support follows Lake's appointment in March 2021 of SD Capital Advisory Ltd. and GKB Ventures Ltd. to arrange project finance, with a focus on ECAs (refer ASX release 3 March 2021). These financial advisers have actively engaged with Lake, the technical advisers at Hatch, and the environmental and social impact study consultant, Knight Piesold.

The financial advisers have highlighted the technical and commercial attractiveness of the Kachi project and its contribution to the UN Sustainable Development Goals. A positive funding environment follows an increased focus by EV makers on supply chain sustainability, as mandated by UK and European Union regulations, and a requirement for high quality, battery-grade product to support that approach.

In a joint statement, Gabriel Buck, of GKB Ventures Ltd. and David Buckle, of SD Capital Advisory Ltd. respectively said: "The quality of this project with its strong SDG credentials and its off-shore hard currency revenues were key determining factors in obtaining this exceptional level of support."

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.

Lake's Managing Director, Steve Promnitz commented: *"This offer is a watershed moment for Lake - to have a leading ECA willing to indicate financial support for Kachi provides an enormous vote of confidence in our clean energy project. The support reflects not only Kachi's robust financials but also its considerable ESG benefits such as a small environmental footprint, satisfying a number of defined Sustainable Development Goals."*

"We acknowledge that we have significant work to convert this EOI into a committed funding arrangement. We are pleased that a number of international banks have already approached us who have expressed an interest to be part of Kachi's development and their interest is dependent on having a strong ECA like UKEF".

"Essentially this EOI is stating that if Lake does what it says it's going to do in the DFS and ESIA, the project will be funded. Combined with backing from potential international off-takers, investors will increasingly see progress towards successful production and expansion of Kachi, perfectly timed to meet the needs of a decarbonising world."

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

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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 in Catamarca Province 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/>