

28 September 2021

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 work alongside UK Export Finance (UKEF) to support approximately 70% of the total finance required for Lake’s flagship Kachi Lithium Project, subject to standard project finance terms.
- 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.

LKE has also received an expression of interest from UKEF. It is planned to have EDC’s participation to run alongside UKEF as the lead ECA, under a Common Terms Agreement to cover approximately 70% of the total Kachi project funding requirements, subject to standard project finance conditions.

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 financial Crown corporation dedicated to helping Canadian companies of all sizes succeed on the world stage. As international risk experts, EDC equips Canadian companies with the tools they need – the trade knowledge, financing solutions, equity, insurance, and connections – to grow their business with confidence. Underlying its support is a commitment to sustainable and responsible business.

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.

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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 investors and 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. However, 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 Definitive Feasibility Study (DFS) and an Environmental and Social Impact Assessment (ESIA) covering the Kachi Project are well advanced and targeting completion in Q2, 2022. Lake is well funded 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, followed by construction, targeting 25,500 tonnes per annum (tpa) lithium carbonate (LCE) production, with commissioning and production in 2024. An expansion study to 51,000 tpa LCE is anticipated at a similar time as the DFS.

Recently, Lake announced Lilac Solutions will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25 percent stake in Lake's Kachi project based on performance based milestones. Lilac, after earning its interest in Kachi, will be expected to fund approximately US\$50 million, equivalent to its pro rata share of future development costs - aligning innovation, funding, development, and production. (see ASX announcement 22 September 2021)

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 three other projects covering 220,000 ha.

This direct extraction method delivers a solution for two rising demands – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials with low carbon footprint and significant ESG benefits.

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, MIT's The Engine fund and Chris Sacca's Lowercarbon Capital. Lilac will earn in to the Kachi Project, up to a 25% stake, based on certain milestones and then be expected to fund their c.US\$50 million pro-rata share (refer ASX announcement 22 September 2021)

2. **High Purity:** 99.97% purity lithium carbonate samples for a premium price. Demonstrated high quality in nickel rich 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). (No changes to the assumptions in the resource statement or the PFS have occurred since the announcement date.)

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 with a significant ESG benefit.

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

Export Credit Agencies use the CIRR rate when direct lending. 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). The latest CIRR interest rates can be accessed on the link below:

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