



LAKE RESOURCES

LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

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FORACO INTERNATIONAL MOBILISES DIAMOND DRILL RIG TO CAUCHARI

- **Larger diamond drilling rig with greater capability will be on site next week – rig has had recent success in the area drilling up to 500 metres deep - two rigs now operating at Cauchari.**
- **Foraco has third largest fleet of drilling rigs globally and is an expert in mining and water drilling.**
- **New rig delivers operational certainty necessary for LKE to produce assays from Cauchari.**

Lake Resources NL (ASX: LKE) is pleased to report that it has contracted Foraco International SA to expand current drilling capacity and depth potential at Lake's 100% owned Cauchari Lithium Brine Project (Figure 1). The larger more capable diamond drill rig is mobilising to site and will arrive next week. Two rigs will now be operational at Cauchari.

Foraco International SA is the third largest global mineral driller providing innovative solutions for mining, and water projects across 22 countries and five continents. With the 3rd largest global fleet of drilling rigs, best-in-class safety standards and a versatile, well-trained international workforce with a proven track record in geologically complex formations we are uniquely positioned to satisfy the needs of customers operating around the world.

The new diamond drill (see Figures 1 & 2) will target depths of between 400 metres and 500 metres to collect samples. Reporting results from this hole is the Company's immediate priority.

Lake's Managing Director Steve Promnitz said: *"We have every confidence in Foraco's capabilities and their experience drilling in these conditions. Their rig recently completed a successful hole nearby for a third party so we have the right contractor and drill rig deployed. With two rigs turning at Cauchari, Lake can deliver a lot of value in the near term. The Kachi project is also expanding and we expect to provide an update here also."*

Lake will advise when the Foraco rig arrives on site and when it commences drilling within 2 weeks.

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Figures 1 & 2: Foraco diamond drill rig and support vehicles now being mobilised to Cauchari drill site this week

About Lake Resources NL (ASX:LKE)

Lake Resources NL (ASX:LKE, Lake) is a lithium exploration and development company focused on developing its three lithium brine projects and hard rock project in Argentina, all owned 100%. The leases are in a prime location among the lithium sector's largest players within the Lithium Triangle, where half of the world's lithium is produced. Lake holds one of the largest lithium tenement packages in Argentina (~200,000Ha) secured in 2016 prior to a significant 'rush' by major companies. The large holdings provide the potential to provide consistent security of supply demanded by battery makers and electric vehicle manufacturers.

The Kachi project covers 69,000 ha over a salt lake south of FMC's lithium operation and near Albemarle's Antofalla project in Catamarca Province. Drilling at Kachi has confirmed a large lithium brine bearing basin over 20km long, 15km wide and 400m to 800m deep. Drilling over Kachi (currently 16 drill holes, 3100m) has produced a maiden indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt and Inferred 3.4Mt) within a 8-17 Mt LCE exploration target (refer ASX announcement 27 November 2018).

A direct extraction technique is being tested in partnership with Lilac Solutions, which has shown 80-90% recoveries and lithium brine concentrations in excess of 15000 mg/L lithium. Phase 1 Engineering Study results have shown operating costs forecast at US\$2600/t LCE in the lowest cost quartile. This process is planned to be trialled on site in tandem with conventional methods as part of a PFS to follow the resource statement. Scope exists to unlock considerable value through partnerships and corporate deals in the near term.

The Olaroz-Cauchari and Paso brine projects are located adjacent to major world class brine projects either in production or being developed in the highly prospective Jujuy Province. The Olaroz-Cauchari project is located in the same basin as Orocobre's Olaroz lithium production and adjoins Ganfeng Lithium/Lithium Americas Cauchari project, with high grade lithium (600 mg/L) with high flow rates drilled immediately across the lease boundary.

An additional new rig is being deployed to increase the depth capacity and speed of the drill rig currently at Cauchari. High fluid pressures, while encouraging, have meant that conditions are challenging. Results are expected to extend the proven resources in adjoining properties into LKE's area. This will be followed by drilling extensions to the Olaroz area in LKE's 100% owned Olaroz leases.

Significant corporate transactions continue in adjacent leases with development of Ganfeng Lithium/Lithium Americas Cauchari project with Ganfeng announcing a US\$237 million for 37% of the Cauchari project previously held by SQM. Nearby projects of Lithium X were acquired via a takeover offer of C\$265 million completed March 2018. The northern half of Galaxy's Sal de Vida resource was purchased for US\$280 million by POSCO in June 2018. LSC Lithium is under offer for C\$111 million with a resource size half of Kachi. These transactions imply an acquisition cost of US\$55-110 million per 1 million tonnes of lithium carbonate equivalent (LCE) in resources.

The demand for lithium continues to be strong for lithium ion batteries in electric vehicles, according to recent data from the leading independent battery minerals consultant, Benchmark Mineral Intelligence. Supply continues to be constrained suggesting good opportunities for upstream lithium companies.

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