



LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

21 December 2018

FINANCING COMMITMENTS FOR LAKE RESOURCES

- **LKE has raised A\$1 million in an unsecured convertible note.**
- **Upsizing a similar financing structure will be considered early in the new year .**

Argentine-focused lithium exploration and project development company Lake Resources NL (ASX: LKE) (**Lake** or the **Company**) announced today that it has secured commitments to raise A\$0.99 million by way of the issue of 9,900,000 unsecured convertible notes (**Notes**) to sophisticated and professional investors.

The funds received from the issue of the Notes will be used by the Company towards:

- accelerating the PFS at Kachi, including resource expansion, and potentially a pilot plant;
- drilling at the Cauchari/Olaroz projects and further exploration at its Paso and Catamarca Pegmatite Projects;
- repaying a portion of the Company's outstanding short term debt; and
- working capital.

As the Notes will only be issued to eligible sophisticated and professional investors, the Company does not currently intend to issue a prospectus or other disclosure document in relation to the Notes. However, under the terms of the Notes the Company may elect to do so in the future to facilitate further transferability of the Notes.

A further announcement will be made in due course once the Notes are issued. The Company will utilise its available capacity to issue equity securities under ASX Listing Rule 7.1 for the issue of the Notes.

A summary of the key terms of the Notes are set out below:

Issuer:	Lake Resources N.L. ACN 079 471 980.
Eligible Investors:	The Notes will only be issued to eligible investors who qualify as sophisticated and professional investors within the meaning of the <i>Corporations Act 2001</i> (Cth) (Corporations Act).
Type and class of securities:	The Notes constitute direct, unsubordinated and unsecured debt obligations of the Issuer.
Quotation:	The Notes will be unlisted and accordingly, will not be quoted on ASX.
Denomination:	The Notes will be issued fully paid with a face value of \$0.10 per Note.
Note Trustee:	Lake Resources CRN Pty Ltd ACN 630 635 602
Maturity Date:	The Notes will mature on the date that is 18 months from the date of issue (Maturity Date).
Interest Rate:	The Notes attract interest at 15% per annum, payable quarterly in arrears in cash or in fully paid ordinary shares in the Issuer (Shares) to be issued at 95% of the VWAP of the Shares for the 10 Trading Day period ending on the relevant interest payment date.
Status and Ranking:	The Notes rank equally amongst themselves and at least equally with all other direct, unsubordinated and unsecured obligations of the Issuer.

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Negative Pledge:	<p>The Notes will have the benefit of a negative pledge as regards the encumbrance of its present and future assets or revenues, other than in certain specified circumstances (i.e. where such encumbrance already exists, or arises in the ordinary course of business) (Negative Pledge).</p> <p>The Negative Pledge restrictions will not apply where the Issuer has obtained the prior consent (such consent not to be unreasonably withheld) of Holders representing at least 75% of the principal amount outstanding of all of the Notes on issue to the new security interest.</p>
Transfer:	<p>The Notes are initially non-transferrable, except to other Sophisticated Investors or Professional Investors (within the meaning of the Corporations Act).</p> <p>The Issuer may, at its discretion, issue a prospectus pursuant to section 713 of the Corporations Act to facilitate further transferability of the Notes.</p>
Ability to apply for issue:	<p>Subject to compliance with the law , ASX Listing Rules and relevant regulations, during the 10 day period follow receipt of shareholder approval for the issue of options (Election Period), a Holder may elect to apply for one (1) option for every two (2) Notes held (Application), on the basis that such Notes are held through the Election Period.</p> <p>The Issuer has absolute discretion as to the issue of any options in response to the receipt of an Application, and may take into account such matters as the number of Notes originally subscribed for by the relevant Holder, the number of Notes held immediately prior to the Election Period by the relevant Holder and the prevailing share price of the Issuer at the relevant time.</p> <p>The Issuer expressly reserves the right to scale-back Applications or to issue no options in respect of an Application, in its sole and unfettered discretion.</p> <p>Holder must represent and warrant to the Issuer that they are, and will be, a Sophisticated Investor or Professional Investor at both the time of the Application and the time of issue of the options.</p> <p>The options, if issued, will:</p> <ul style="list-style-type: none"> - be exercisable at \$0.20 each at any time until their expiry; - unless earlier exercised, expire on 25 June 2020; - be subject to the same restrictions on transfer as the Notes; - be unlisted; and - contain standard terms as to participation in new issues, reconstructions and pro-rata issues.
Conversion:	<p>The Notes may be converted into fully paid ordinary shares in the Issuer (Shares) within 5 Business Days of receipt of a conversion notice from the Holder or automatically on the Maturity Date.</p> <p>The Notes will be Converted in accordance with the following formula:</p> <p>$S = OA / CP$</p> <p>Where:</p> <p>S = the number of Shares to be issued on Conversion</p> <p>OA = the outstanding amount (being the face value and any outstanding interest) of the relevant Notes</p> <p>CP = the Conversion Price, being 80% of the VWAP of the Shares for the 10 Trading Day period ending on the date of the Conversion Notice or Maturity Date (as applicable).</p> <p>Notes cannot be Converted:</p> <ul style="list-style-type: none"> (a) during the 6 months after the Issue Date; and (b) where the Conversion Price is less than \$0.10 and greater than \$0.30 (Conversion Threshold) (subject to the Company's discretion to allow Conversion outside of the Conversion Threshold).

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Redemption:	<p>Should the Issuer:</p> <ul style="list-style-type: none"> (a) fail to comply with its payment obligations as regards the Notes; (b) breach the Negative Pledge (and such breach is not remedied); (c) cease or suspend the conduct of its business; (d) have litigation proceedings to which the Issuer is a party determined which results in a material adverse effect to the Issuer; (e) breach any law which results in a material adverse effect to the Issuer; (f) suffer insolvency, <p>then the Holder may elect to redeem all or any of its Notes.</p> <p>Should a takeover bid or similar merger/scheme (Takeover Event) be made, and the relevant Takeover Event become unconditional with the bidding entity acquiring at least 50% of the voting power in the Issuer, then the Issuer may elect to redeem all of the Notes.</p>
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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 3000 mg/L lithium and 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.

Two drill rigs are currently drilling at Cauchari with results anticipated to extend the proven resources in adjoining properties into LKE's area with results anticipated from November into December 2018. 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. 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/>

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