

LAKE RESOURCES NL

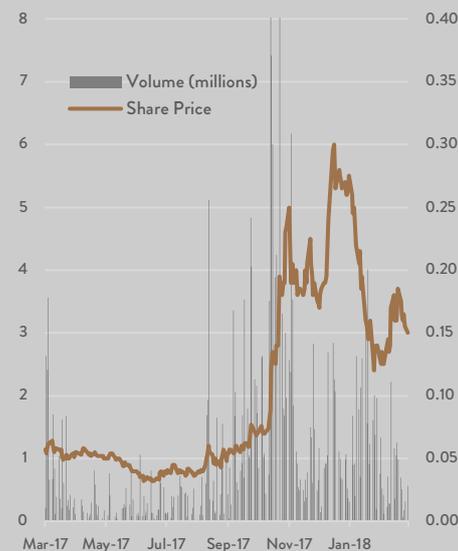
Equity Research

13th March 2018

SPECULATIVE BUY

Price Target **\$0.55**
Share Price **\$0.155**

52-Week Range	\$0.03 - \$0.30
Market Capitalisation	\$36.2m
Shares Outstanding	233.6m
Listed Options (10¢, August 2018)	19.2m
Unlisted Options (5¢ & 10¢, Apr-Nov 2018)	39.0m
Unlisted Options (28¢, Dec 2020)	9.5m
LTI Performance Rights	2.5m
Vendor Performance Rights	12.5m
Cash (31 Dec 2017)	\$1.5m
Debt (Notes, March 2018)	\$1.7m
Enterprise Value	\$36.4m
Director/Major Shareholders:	
Peter Gilchrist	9.0%
Steve Promnitz	2.1%
Stuart Crow	0.7%
Top 30 Shareholders	60%



Lake Resources NL is a lithium exploration company undertaking an aggressive programme to explore prime lithium basins and lithium pegmatites in Argentina.

Research Analyst: J-François Bertincourt

Initiation of Coverage:

Project Assessment Likely to Lead to Tremendous Value Uplift

Strategic Landholding Position: Lake Resources holds one of the largest lithium tenement packages in Argentina (~180,000 ha), controlled 100% by Lake. This land package is part of the Lithium Triangle from where about 50% of the world's lithium is produced at the lowest costs.

Portfolio of Lithium Projects: Mid-2016, i.e. before the more recent lithium boom, Lake Resources progressed a number of transactions with lithium majors or existing tenement holders and has secured four lithium projects both brines and pegmatites. Among those, the Kachi project (49,000ha granted) covering the quasi-totality of the salar was secured through multiple transactions from what was previously a fragmented tenement holding; then recently the Cauchari/Olaroz (+Paso) tenements (44,000ha granted) have finally been secured next to brine development and production wells.

Technical Expertise: LKE lateral thinking has led to the use of geophysical methods typically seen in the oil and gas sector for the characterisation of brine reservoirs. LKE is targeting the margins of fault-bounded brine reservoirs where higher lithium grades and higher flows are expected. Recent drilling activity by neighbours tend to confirm this hydrogeological model.

Excellent Location: Lake Resources mineral resources properties are located at reasonable altitude (i.e. below 3,800m) with good access by road. The Catamarca pegmatite project is close to a regional town center at low altitude (300-1,800m). Argentina is undergoing significant political and social reforms, which has created a very attractive destination for mining and diverse project interests, in conjunction with being well endowed in mineral resources, particularly lithium and gold mining.

News Flow: We anticipate a number of share price catalysts including drilling assay and flow rate results, reservoir characterisation, maiden mineral resources estimate and potential corporate transactions (joint venture, off-take, strategic investment) with further positive developments in the lithium market.

Board and management has extensive mineral industry experience, and substantial shareholding in the Company.

Tight register: The top 30 shareholders including LKE directors and management represent about 60% of the share register.

Funding: Further to the \$1.665m debt raised to fund drilling at Kachi, all the existing unlisted options are well in the money and should bring about \$1.7 million cash before the end of the financial year. The listed options are also well in the money and should bring an additional \$1.9 million in August 2018.

Valuation: Considering the highly strategic position of LKE's tenement holding across its portfolio of four projects, and the 2018 drilling and exploration programs, we consider that LKE should reach a market value in the order of \$160 million within the next twelve months or \$0.55 per share (after the exercise of all in-the-money options).

Risks and Upside: Considering its portfolio approach and highly strategic position, any of LKE lithium projects could become a company maker. LKE has four projects.

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1. LKE Valuation

Tenement Summary

The following table summarises the tenement holding of Lake Resources NL:

Lake Resources Portfolio of Lithium Projects						
Project	Area	Type	Ownership	Province	Status	Work in Progress
Olaroz/ Cauchari	18,010 ha	Brine	100%	Jujuy	98% Granted	Drill permitting
Paso	29,626 ha	Brine	100%	Jujuy	90% Granted	Drill permitting
Kachi	54,211 ha	Brine	100%	Catamarca	90% Granted	Drilling
Total brines	101,847 ha					
Catamarca	79,500 ha	Pegmatite	100%	Catamarca	50% Granted	Exploration

Source: LKE, Terra Studio

By its size and location, LKE tenement position is highly strategic.

In the Jujuy Province, LKE holds one the largest holdings. It is owned 100% and it is adjoining Advantage Lithium/Orocobre and Lithium Americas/SQM development projects including some current production wells just over the limit between LKE tenements and its neighbours.

With Kachi in the Catamarca Province, LKE has managed to secure the quasi-totality of a salar through multiple transactions from what was previously a fragmented tenement holding.

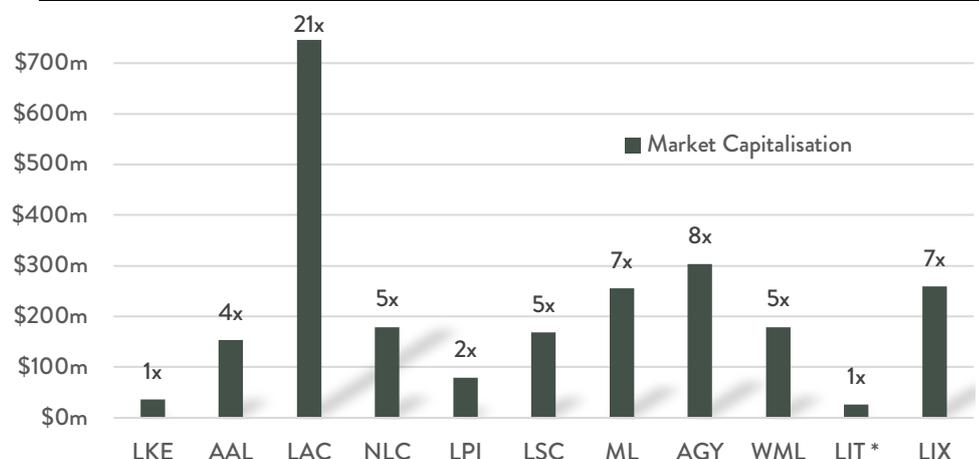
Beyond the brines and in the same province, LKE has also secured 150km of strike length with outcropping spodumene-pegmatites. The Catamarca hard-rock tenements cover an area of 79,500 ha.

Large battery manufacturers are looking for large scale lithium plays to secure supply over the long term.

Peer Comparison

The table on page 4 provides a comparison of LKE against its peers listed on the Australian Securities Exchange (ASX), the Toronto Stock Exchange (TSX) or the TSX Venture Exchange (TVX). The focus is on exploration and development companies with brine projects in Argentina and Chile.

Peer Comparison – Market capitalisation and ratio vs. LKE



Source: S&P Global Market Intelligence, Terra Studio.

*Argentina Lithium & Energy Corp. LIT.TSX-V

LKE's strategic landholding should quickly attract significantly higher market value.

Code	Unit	LKE	AAL	LAC	NLC	LPI	LSC	ML	AGY	WML	LIT *	LIX
Exchange		ASX	TVX	TSX	TVX	ASX	TVX	TVX	ASX	TVX	TVX	TVX
Name		Lake Resources	Advantage Lithium	Lithium Americas	Neo Lithium	Lithium Power Intl	LSC Lithium	Millennial Lithium	Argosy Minerals	Wealth Minerals	Argentina Lithium	Lithium X
Share Price	\$	\$0.185	\$1.07	\$7.99	\$1.77	\$0.40	\$1.22	\$3.07	0.31	1.47	0.32	\$2.61 cash offer
Asset 1 or Flagship Asset		Cauchari/Olaroz + Paso	Cauchari/Olaroz	Cauchari/Olaroz	Tres Quebradas	Maricunga	Pozuelos	Pastos Grandes	Rincon	Atacama	Arizaro	Los Angeles
Area	ha	48,000	28,500	70,000	30,000	4,463	21,425	8,664	2,572	46,200	20,500	8,156
Province		Jujuy	Jujuy	Jujuy	Catamarca	Atacama	Salta	Salta	Salta	Atacama	Salta	Salta
Ownership	%	100%	75%	50%	100%	50%	100%	100%	77.5%	100%	Option for 100%	100%
JV partner		-	Orocobre	SQM	-	Salar Blanco & Li3	-	-	-	-	-	-
Recent		Progressing	CAU10: 682 mg/l	-	-	-	-	-	R4: 446 mg/l	-	-	-
Drilling		with	CAU09: 662 mg/l	-	-	-	-	-	R3: 343 mg/l	-	257 mg/l	-
Results		drilling	CAU07: 635 mg/l	-	-	-	-	-	R2: 487 mg/l	-	-	-
		permit	CAU16: 619 mg/l	-	-	-	-	-	R1: 385 mg/l	-	-	-
		-	CAU15: 407 mg/l	-	-	-	-	-	-	-	-	-
Resource	mt LCE	-	-	11.8 mt @ 585 mg/l	2.0 mt @ 714 mg/l	2.15Mt @ 1,160 mg/l	1.3 mt @ 387 mg/l	3 mt @ 452 mg/l	-	-	-	2.0 mt @ 456 mg/l
Reserve	mt LCE	-	-	1.5 mt @ 698 mg/l	-	-	-	-	-	-	-	-
Development Stage		Exploration drilling	Resource drilling	Construction	PEA	Feasibility Study	PEA	PEA	Resource drilling	Exploration drilling	Exploration drilling	M&I Resource
Expected production	tpa LCE	-	-	25,000 tpa	35,000 tpa	20,000 tpa	-	25,000 tpa	-	-	-	20,000 tpa
Project life	years	-	-	40 years	20 years	-	-	25 years	-	-	-	tbd
Asset 2		Kachi	Antofalla	Lithium Nevada	-	Greenbushes	Rio Grande	Cauchari East	-	Laguna Verde	Incahuasi	Clayton Valley
Area	ha	54,211	10,653	15,233	-	40,000	26,865	11,000	-	8,700	13,711	10,643
Province/State		Catamarca	Salta/Catamarca	Nevada	-	Western Australia	Salta	Jujuy	-	Region III, Chile	Catamarca	Nevada
Ownership	%	100%	100%	100%	-	100%	100%	100%	-	Option for 100%	100%	100% & interest in PE
Resource	mt LCE	-	-	5.3 mt @ 0.29% Li	-	-	2.2 Mt @ 374 mg/l	-	-	-	-	-
Other Assets		Pegmatite Catamarca	Incahuasi, Guayatayoc	RheoMinerals	-	Pilbara, WA	Pastos Grandes, etc	-	-	Chile	-	Arizaro
Area	ha	79,500	31,119	-	-	20,300	186,229	-	-	16,500+	-	33,846
Market Capitalisation	\$m	\$36	\$153	\$746	\$179	\$79	\$168	\$255	\$303	\$179	\$26	\$259
Multiple to LKE	x	1x	4	21x	5x	2x	4x	7x	8x	5x	1x	7x

Source: company announcements, Terra Studio

Following the landmark agreement with the Jujuy Province confirming the tenure of Lake Resources over the Cauchari/Olaroz tenements, we placed this asset as asset 1 in line with the flagship assets of the Advantage Lithium/Orocobre JV and the Lithium Americas/SQM JV. We can note that:

- LKE landholding is highly significant in size
- LKE owns 100% interest in the tenements
- Recent drilling from LKE neighbours tend to validate the hydrogeological model whereby by higher lithium grades and flow rates can be found on the salars' margins vs. their central body.
- The lithium grades observed in the Cauchari/Olaroz salars are among the highest grade brines in Argentina

As asset 2, we placed Kachi, where we can note that:

- LKE landholding is highly significant in size. In this case, LKE actually controls the quasi-totality of the Kachi salar
- LKE owns 100%
- The closest salar to Kachi is Tres Quebradas owned by Neo Lithium, where the highest lithium grade resource in Argentina has been estimated

Overall, all peers have market capitalisation well in excess of LKE's market capitalisation, except for Argentina Lithium & Energy Corp. (LIT.TVX). LIT has an option to earn 100% interest in 20,500 ha of the Arizaro Salar. To date sampling of brines from the subsurface (approximately 2 metres depth) by previous workers has returned lithium values, up to 160 mg/L, confirming the presence of lithium in the basin (USGS, 1987. "Geology and Resources of Salars in the Central Andes). At this time, there is no mineral resource estimated on the salar and no existing or planned production.

Financial

LKE cash balance stands at \$1.5m as at 31 December 2017.

On 3rd November 2017, Lake Resources announced that it had secured commitments to raise \$1.665 million in an oversubscribed offer by way of the issue of 1,665,000 unsecured notes (Notes) to sophisticated and professional investors. The funds received from the issue of the Notes are being used by LKE for exploration expenditure, including the costs of advancing drilling, and working capital.

LKE capital structure includes a number of in-the-money options, which are due to expire in the coming months. If all exercised, those options have the potential to bring \$1.7 million by the end of June 2018 and an additional \$2.2 million by the end of November 2018.

Those funds are sufficient to cover the current drilling costs at Kachi and the initial drilling costs at Cauchari/Olaroz. Further funding could be sourced from potential off-take partners once drilling results are available.

Valuation

Considering the highly strategic position and quality of LKE's tenement holding across its portfolio of four projects, and the 2018 drilling and exploration programs, we consider that LKE should reach a market value in the order of \$160 million within the next twelve months.

Assuming all in-the-money options being exercised, the resulting number of shares will be 292 million by the end of November 2018, resulting in a price target of \$0.55.

We also have derived a sum of the parts valuation for Lake Resources as follows:

LKE Valuation					
Asset	Area (ha)	Value Range	Preferred	\$/share	Basis
Cauchari/Olaroz brine project	18,010	US\$50-74m	\$80m	\$0.27	Transactions
Kachi brine project	54,111	US\$30-60m	\$40m	\$0.14	Transactions
Paso brine project	29,626	US\$18-50m	\$25m	\$0.09	Transactions
Catamarca pegmatite project	79,500	\$15-60m	\$15m	\$0.05	Market peers
Cash			\$1.5m	\$0.01	
Exercise of options			\$3.9m	\$0.01	
Debt			(\$1.7m)	(\$0.01)	
Corporate & exploration costs			(\$2.3m)	(\$0.01)	NPV
Total			\$161.4m	\$0.55	

Source: Terra Studio. Australian dollars, except otherwise indicated.

While highly subjective, the valuation is supported by the recent transactions in the area and the current value of market peers.

2. Recent Lithium Market Developments

Significant Transactions

This section focuses on transactions related to lithium companies and projects in Argentina.

In December 2017, Lithium X Energy Corp. (LIX.TVX) and Nextview New Energy Lion Hong Kong Ltd announced they had entered into a definitive agreement whereby Nextview acquires all the LIX shares for \$2.61 cash, valuing Lithium X at C\$265m. LIX flagship asset is Sal de Los Angeles (8,156 ha) in the Salta Province, with a feasibility study on a 20,000 tpa LCE operation underway.

In July 2017, Lithium Americas closed a US\$113 million (US\$33m equity + US\$80m debt) strategic financing with Bangchak Corporation. The investment is to fund a portion of the construction costs for the Cauchari-Olaroz lithium project. Bangchak is a global emerging leader in the green energy industry. Bangchak is publicly listed on the Thailand Stock Exchange with a current market capitalization of approximately US\$ 1.3 billion.

In June 2017, Lithium Americas closed a US\$172 million (US\$47m equity + US\$125 million debt) strategic financing with Ganfeng Lithium. The investment is to fund a portion of the construction costs for the Cauchari-Olaroz lithium project. Ganfeng Lithium is the largest integrated lithium producer in China, with a total capacity of around 30,000 tonnes per annum of lithium carbonate equivalent. Ganfeng Lithium is listed on the Shenzhen Stock Exchange with a current market capitalization of approximately US\$5 billion.

In March 2017, Advantage Lithium announced a transaction to earn 50-75% equity in Orocobre's Cauchari leases (28,500 ha) for approximately US\$37 million in shares, raising C\$20 million in the market.

In June 2017, LSC Lithium acquired LitheA and its Salar de Pozuelos (30,000 ha) for an aggregate purchase price of approximately US\$44 million.

The intense corporate/M&A activity reflects the appetite of off-takers and battery manufacturers (particularly Chinese) to secure raw materials.

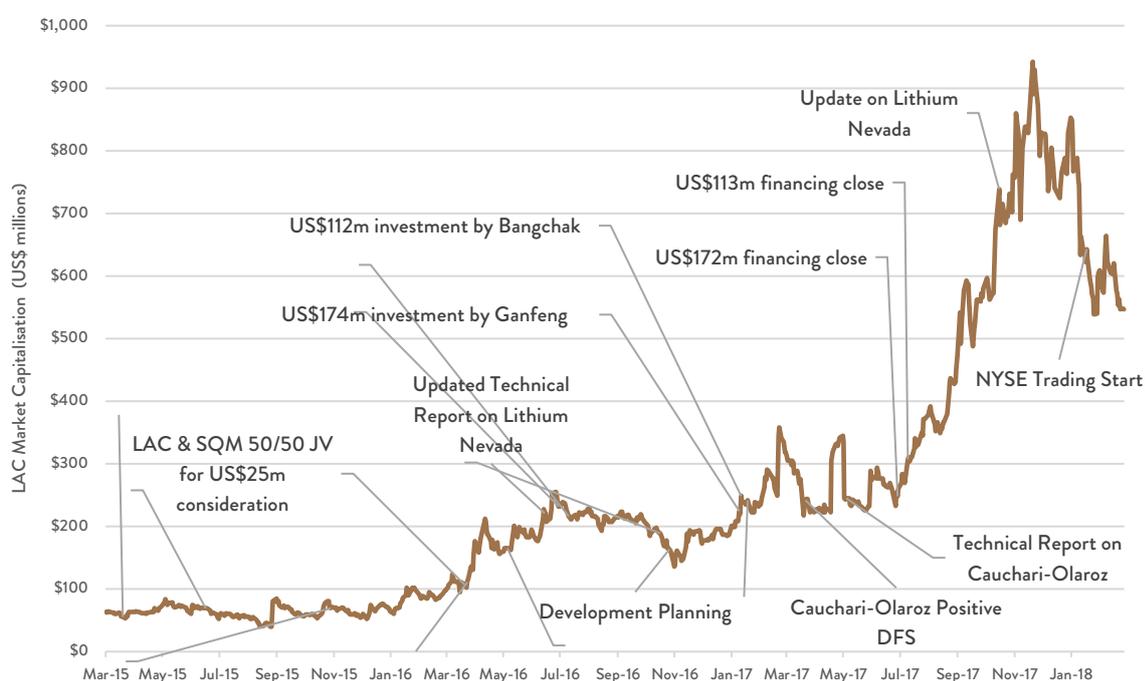
Note this list excludes a number of transactions taking place with pegmatites explorers and developers.

Earlier that same month, LSC Lithium acquired tenements located in the Salinas Grandes Salar (25,027ha) from Orocobre for about US\$7 million and an option over 1,471ha in the same salar from Minera Santa Rita.

In March 2016, Lithium Americas announced an agreement with Sociedad Química y Minera de Chile (SQM) to enter a 50/50 joint venture on the Cauchari-Olaroz lithium project (70,000 ha), with SQM contribution US\$25 million.

Considering the number of corporate transactions and strategic financing undertaken by Lithium Americas, it is useful here to illustrate the value created for LAC shareholders. In late 2015, LAC was at a similar stage of evaluation and development of its mineral properties than LKE.

Figure 2.1 - Lithium Americas Market Cap over the Last Two Years in US\$



Source: company announcements, Terra Studio

While LAC has been very successful in sourcing financing for the Cauchari-Olaroz lithium project, the interest held by LAC in the project has been reduced to 50%. Project development work and construction is currently underway with targeted 25,000 tpa LCE production from 2020.

Lithium Carbonate and Spodumene Concentrate Prices

Here are some the publicly announced lithium prices realised by market participants:

- Average Free on Board (FOB) price received up 3% QoQ to US\$11,550/tonne with higher priced contracts reflecting firmer market conditions. Prices for June half 2018 are expected to be approximately 25% higher per tonne FOB than in the December half 2017 with market conditions remaining tight. Gross cash margins increased 23% QoQ to a record US\$7,604/tonne on the back of higher sales prices and lower costs. Source: Orocobre Ltd December 2017 quarterly report. Those prices are realised at the Olaroz Lithium

Facility, generating gross cash margins in excess of US\$6,000/t. This operation sits next door to LKE mineral properties.

- Average realized selling price (before royalties and marketing fees) of US\$868 (A\$1,125) per dmt sold, an increase of 3% over Q3 2017 (after an increase of 17% QoQ recorded in September quarter 2017).
Source: Galaxy Resources Ltd December 2017 quarterly report.

3. LKE Strategy

Lake Resources' mission is to develop a profitable minerals discovery business, concentrating on the effective use of the geosciences and leveraging these skills to make strategic investments. To this end, Lake Resources' focus is on:

- Exploration in the most prospective areas for world-class deposits that will attract major mining companies as joint venture partners at an early stage.
- Use of the most cost-effective practices and technologies: for example, LKE is using geophysical survey tools to accelerate the characterisation of the brine reservoirs identified.

4. LKE Overview

Lake Resources NL (LKE.ASX) is a lithium exploration company undertaking an aggressive programme to explore prime lithium basins and lithium pegmatites in Argentina, among some of the largest players in the lithium sector. LKE holds one of the largest lithium tenement packages in Argentina (181,000 ha), controlled 100% by LKE.

Lake Resources Projects Portfolio					
Project	Area	% Granted	Type	Ownership	Province
Olaroz/ Cauchari	18,010 ha	98%	Brine	100%	Jujuy
Paso	29,626 ha	90%	Brine	100%	Jujuy
Kachi	54,211 ha	90%	Brine	100%	Catamarca
Catamarca	79,500 ha	50%	Pegmatite	100%	Catamarca
Total	181,347 ha				

Source: LKE

100% ownership

Through LKE, investors can access optionality and scalable lithium projects – both brines and pegmatites – with considerable value to be unlocked as news flow delivers results in the near to medium term.

Mining leases and applications are located in the Lithium Triangle which accounts for 49% of current lithium production. Lake completed the acquisition of an early mover in Argentina, who had secured three prime lithium brine projects in an extensive strategic package of ~100,000 ha, prior to a significant 'rush' to secure projects by major companies in the sector. Recently an option agreement was entered into over lithium pegmatites covering a belt of 79,500 ha in Catamarca, next to Latin Resources (LRS.ASX).

Upcoming exploration in lithium brine basins, one which is adjacent to some of the leading lithium producers/developers, including Orocobre (ORE.ASX) in Olaroz, and the Cauchari development project of Lithium Americas (LAC.TSX-V) and SQM (SQM.NYSE), may provide several catalysts for growth as the areas are assessed for major discoveries.

Following the \$1.665 debt raising, LKE is well funded to advance the drilling programme at Kachi.

Figure 4.1 - Lake Resources Lithium Projects



Source: LKE

Each project has the potential to be a future operation with exploration and development success and adequate financing.

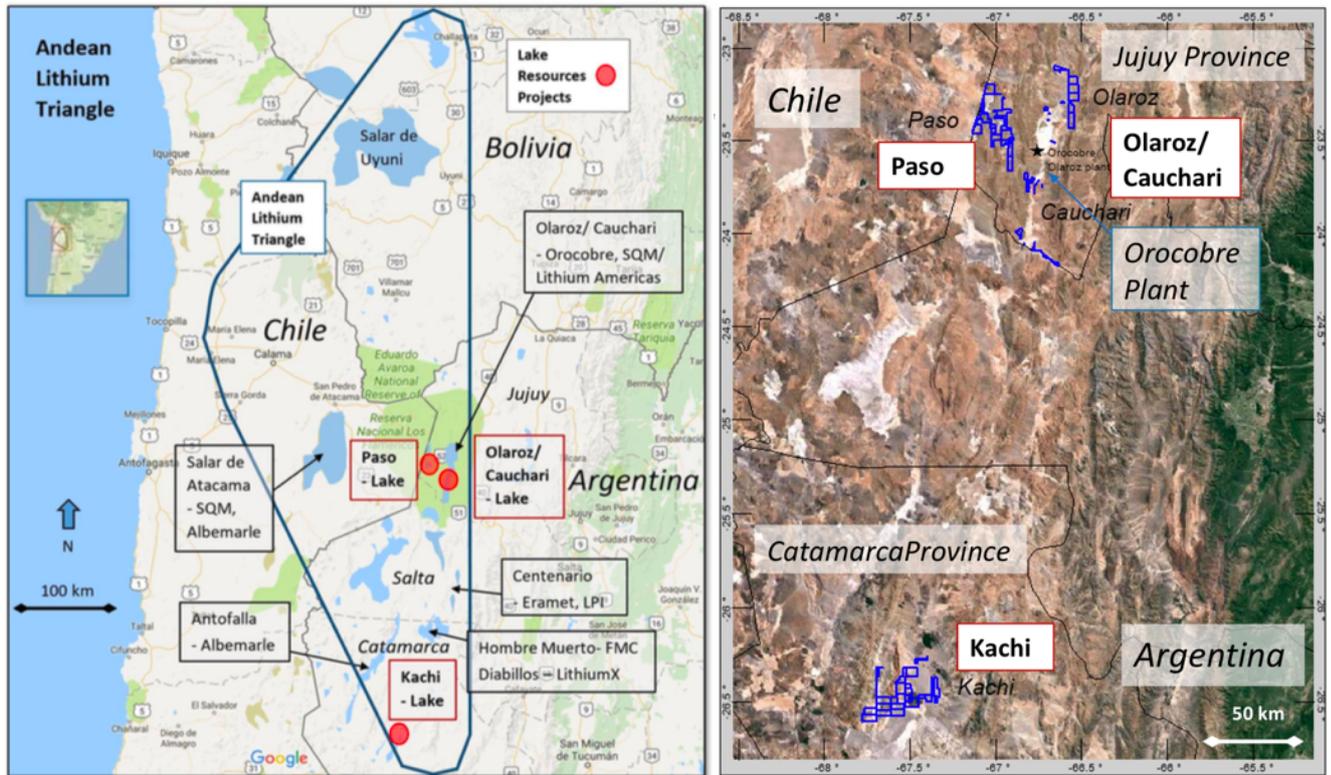
5. LKE History

Established in 2009 the company covers a large acreage of over 2 million acres with 100% retained interests and the ability to farm down as a potential funding source in the future.

- Company founded in 1997
- Initial focus on Pakistan (Exploration for epithermal gold and porphyry copper-gold deposits in the Chagai region), Sweden and later Argentina
- 14 Nov 2016: acquisition of LithNRG Pty Ltd bringing three large packages of tenement applications (over 90,000 ha) over salt lakes in North West Argentina. The project portfolio built over a ten month period include the Olaroz-Cauchari and Paso projects in the Jujuy province and Kachi project in the Catamarca province
- 15 Nov 2016: appointment of Stephen Promnitz as Managing Director and Stu Crow as Non-Executive Chairman
- 21 Dec 2016: acquisition of an additional 3,900 ha of leases contiguous to LKE tenements, increasing the lease area either granted or under application to almost 50,000 ha
- 11 Nov 2017: Drilling underway at Kachi lithium brine project
- 22 Feb 2018: Additional rotary drill rig contracted to support the current rig and accelerate the drilling programme Kachi lithium brine project

- 1 Mar 2018: Landmark agreement with the Jujuy Province confirms tenure over Cauchari/Olaroz tenements

Figure 5.1 - Lake Resources Lithium Projects



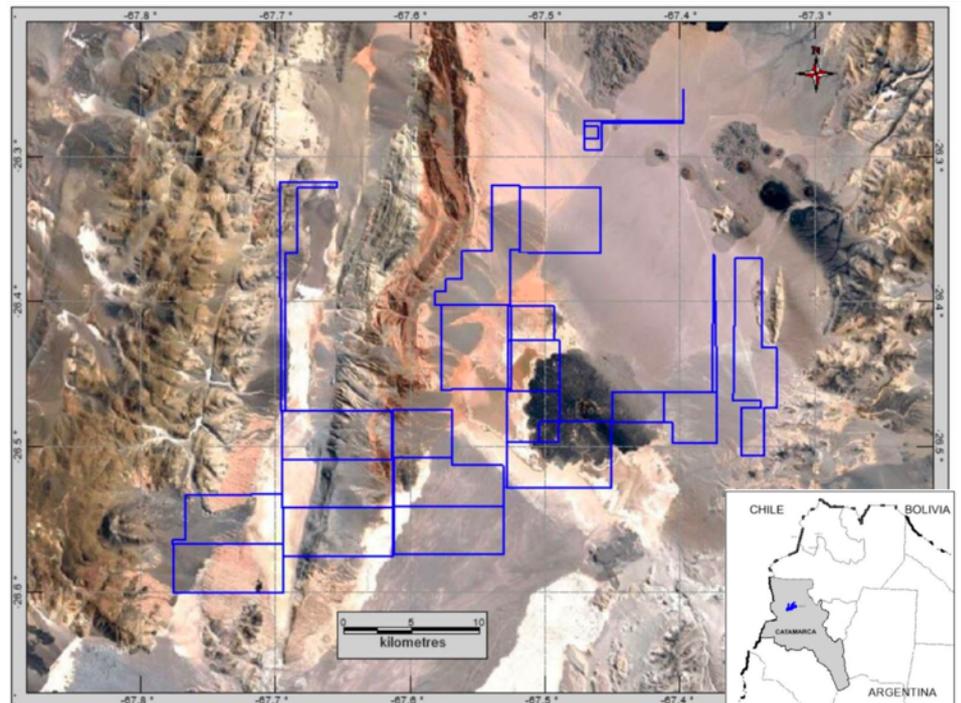
Source: LKE

6. Kachi Lithium Project

Location and infrastructure

The Kachi Lithium Brine Project (54,211 ha) is located in the Catamarca Province, approximately 100km south of FMC's Salar del Hombre Muerto lithium brine production operation. The Kachi Project overlies a large area of contiguous leases and lease applications, centred around a salt lake within a large basin almost 100km long.

Figure 6.1 - Kachi Lithium Brine Project



Source: Catamarca Registro Grafico Sep 2016

The project has reasonable access by unsealed roads and tracks from a sealed road which leads to the nearby town of Antofagasta de la Sierra, which also provides accommodation. Mobile phone coverage is available near the town, with communication on site by satellite phone and two-way radio. Camp logistics, and water supply are in place.

Initial Brine Sampling

Brine samples were collected from groundwater in auger holes to depths of 0.3 – 1.7m. Breaking through the 20-40 cm plus salt crust was difficult, so samples were taken relatively close to the margins of the salt lake and therefore may not be as representative as brine collected further into the centre of the salt lake.

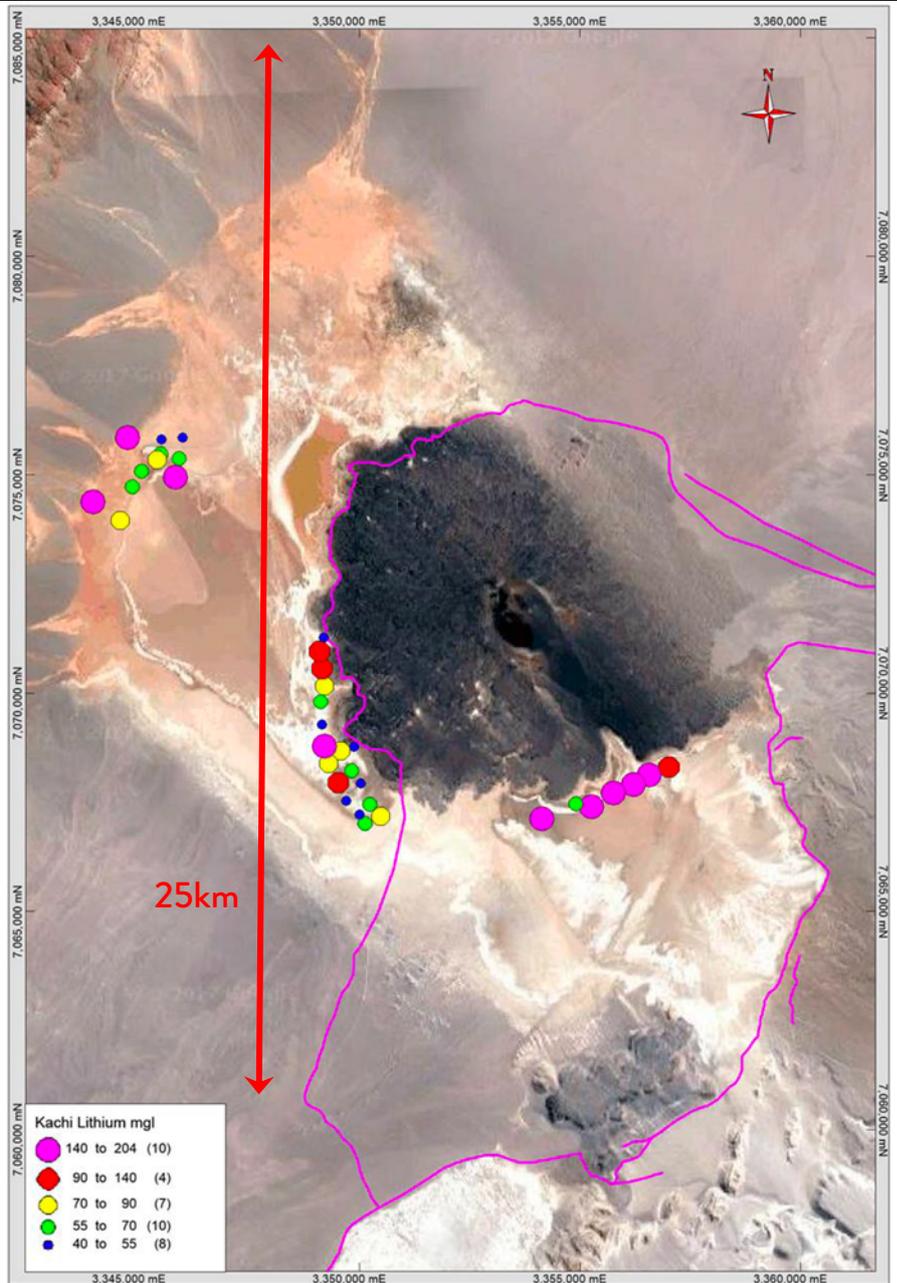
Best results ranged up to 204 mg/L lithium compared with earlier reconnaissance samples up to 322 mg/L lithium.

Due to the difficulty cutting through the thick salt crust, many of the samples were taken in areas where fresher water had largely dissolved (thinned) the salt crust, so this may have biased the lithium results lower. One litre water samples with duplicates were collected in clean bottles and tested for conductivity. Only samples with electrical conductivity (EC) of >100 $\mu\text{S}/\text{cm}$ (or

mS/cm) EC were analysed in the Alex Stewart/Norlab laboratory in Jujuy, Argentina.

Figure 6.2 shows the location of test sites on the perimeter of the project area along with lithium results from this initial sampling program.

Figure 6.2 - Kachi Project auger near surface brine sampling



Source: LKE

These results are sufficiently elevated to support the rationale for drilling in the central areas of the salt lakes.

Central parts of the salt lakes, where better results are expected, were not able to be sampled due to unseasonal rainfall at the time of the survey (first recorded rainfall in five years in this desert environment).

Geophysical Survey

A Vertical Electrical Sounding (VES) geophysical survey was completed by NRG Metals Inc. in 2016 on adjoining leases which revealed a consistent sub-surface horizon which is conductive and interpreted to represent a thick, brine-rich zone, with plans for drilling soon (NI 43-101 report from Rojas y Asociados Mining Consultants 2016). This suggests a similar target should exist under the leases controlled by Lake.

Drilling

Drilling to date has confirmed the presence of sandy horizons prospective for lithium brines.

To compensate for some of the initial time lost at the start of the drilling campaign, two rotary rigs are now on site and a diamond drill rig is expected in the coming weeks.

Sustainability and Future Development

Lake Resources has a focus on an inclusive approach with local communities together with appropriate environmental management. The Kachi Project was selected by the State of Catamarca to be accelerated, together with a small group of energy and mining projects in the Province, to ensure appropriate development. A Letter of Intent was signed to facilitate the project through various permitting stages in exploration and development to production which bodes well for the future.

7. Olaroz/Cauchari Lithium Project

Lake holds mining lease applications over about 48,000 hectares in two areas in the Jujuy Province, in NW Argentina. The initial applications from March 2016 are under an appeal process which has been considered over the last two years and on March 1st, 2018, an agreement was signed with the Jujuy Province to confirm the tenure.

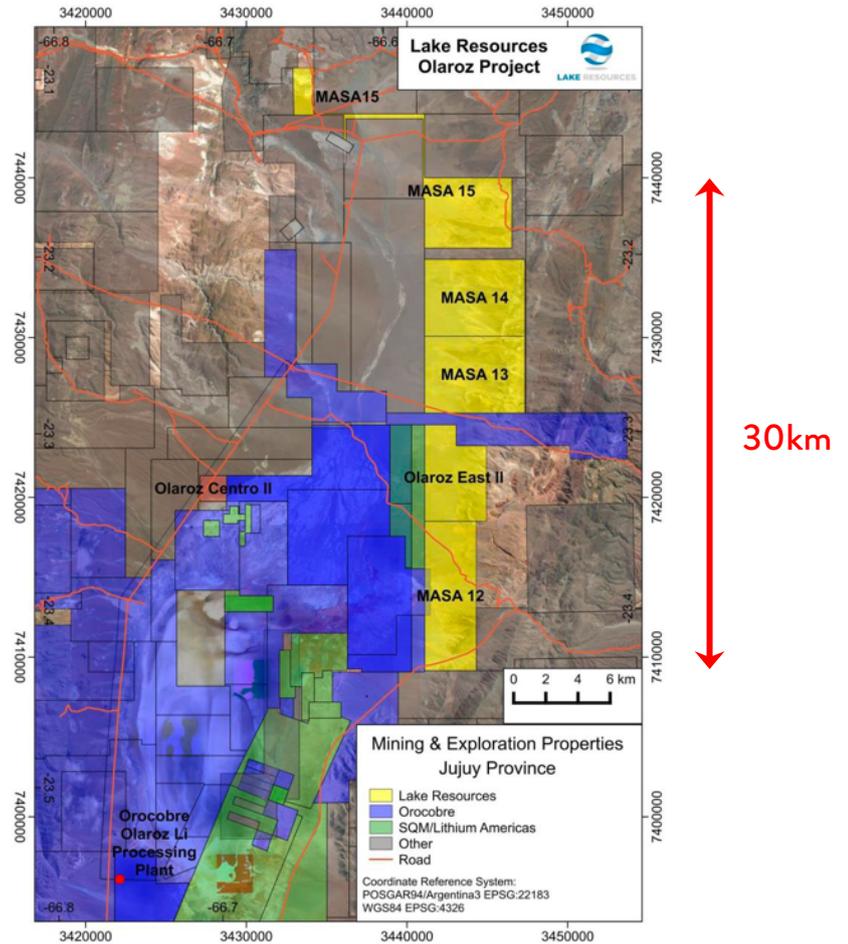
The leases cover areas in and around Orocobre Limited, currently in production, and Lithium Americas Corporation, currently developing a project in joint venture (50/50) with the major lithium producer SQM, in the Cauchari/Olaroz basin in the Jujuy Province. Although data is limited within the properties, the tenements may cover potential extensions to the Cauchari/Olaroz projects with potential extensions to aquifers.

Exploration will commence as soon as access is available to the areas. Substantial ground geophysics and drilling has been completed in the surrounding leases at Olaroz/Cauchari.

Olaroz Brine Project

The Olaroz Brine Project adjoins the Orocobre production area and the Lithium Americas/SQM development project.

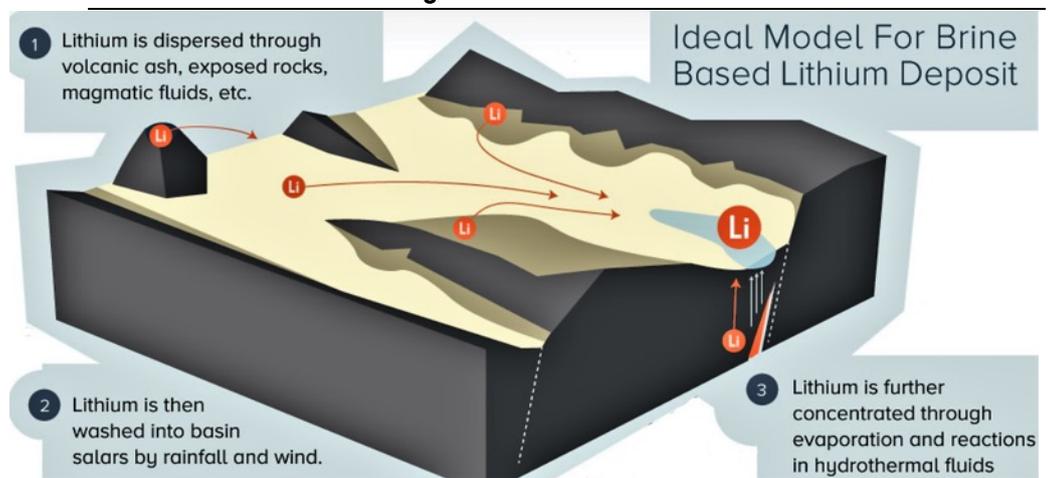
Lake Resources Olaroz Lithium Brine Project



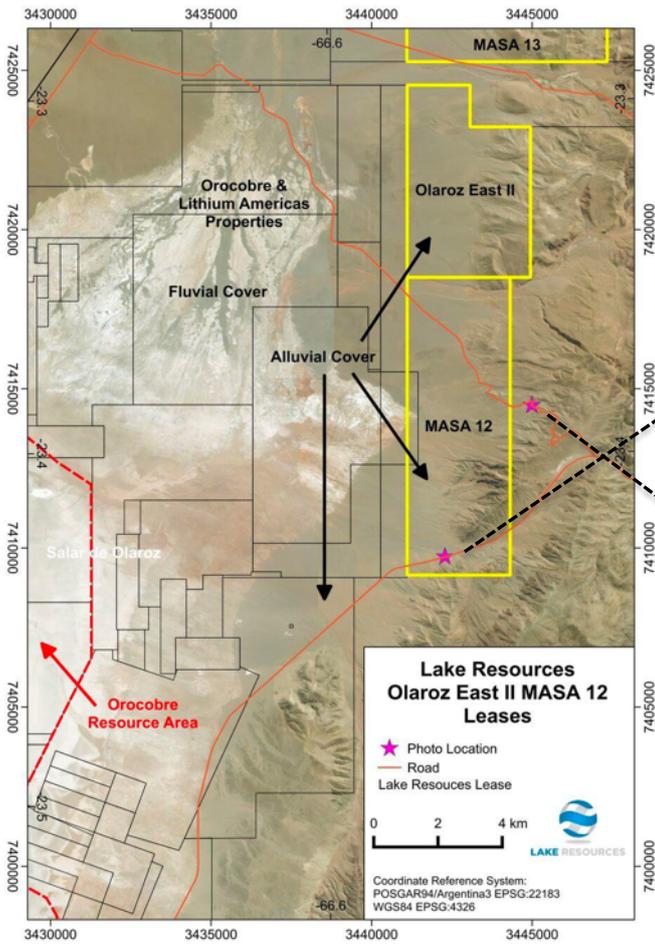
Source: LKE

Lake is targeting the same aquifers on the basin margins along 30km where neighbours are extending the brine resource under the alluvial cover.

Schematic Lithium Brine Geological Model



Olaroz Brine Project Target



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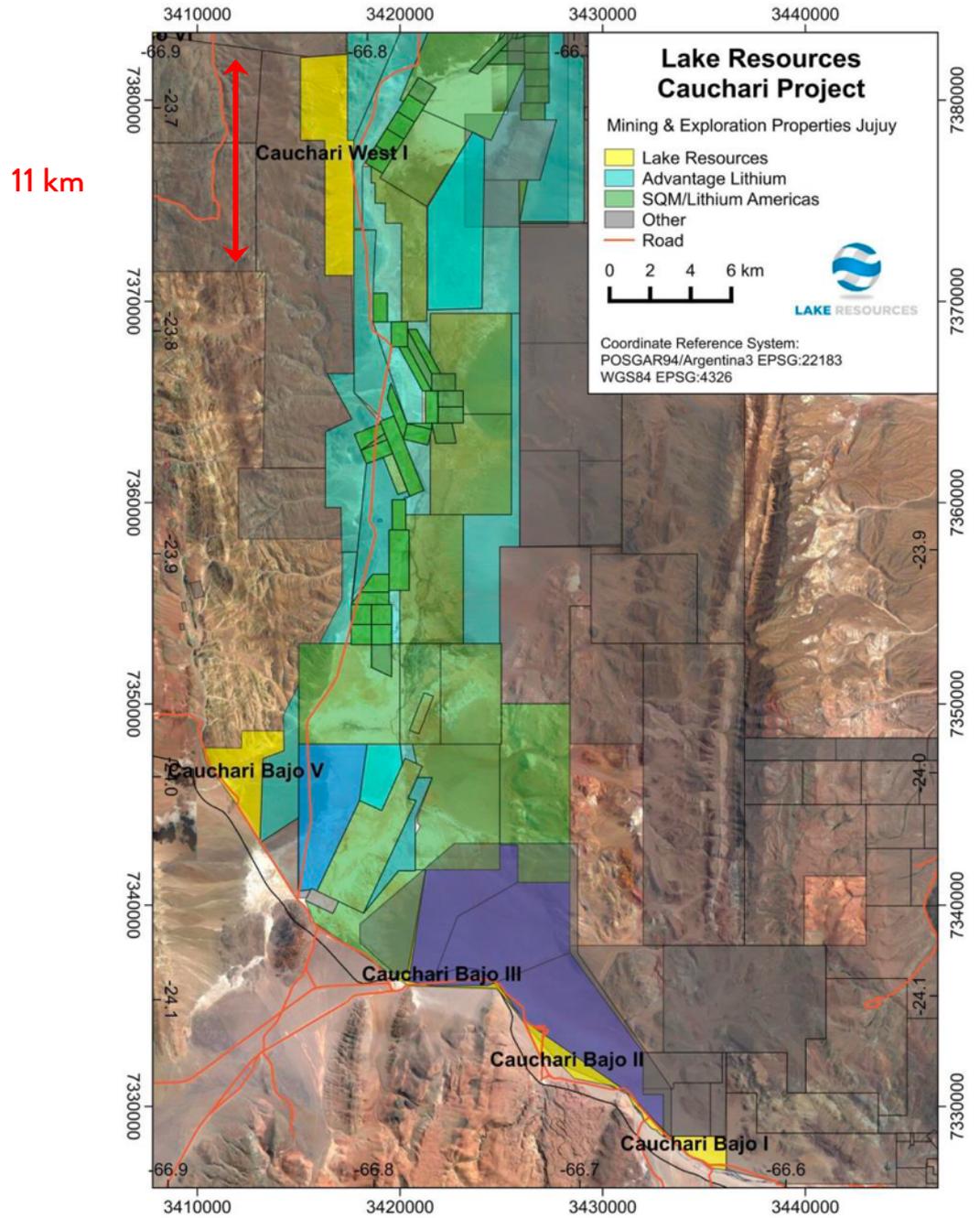


MASA 12 looking SW

Cauchari Lithium Project

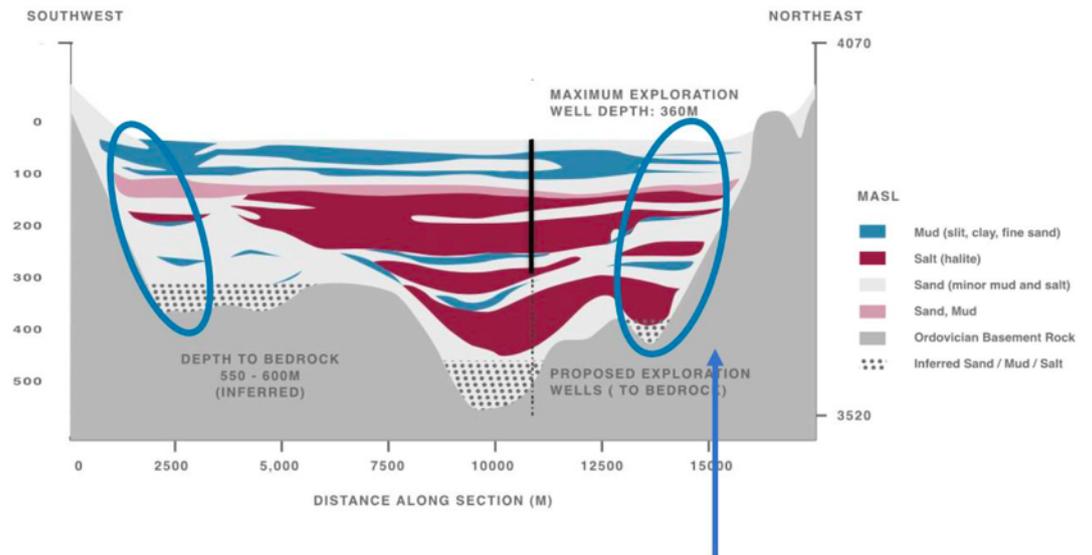
The Cauchari Brine Project adjoins Lithium Americas/SQM and Advantage Lithium/Orocobre development projects. LKE is targeting the same aquifers under alluvial cover.

Cauchari Lithium Brine Project



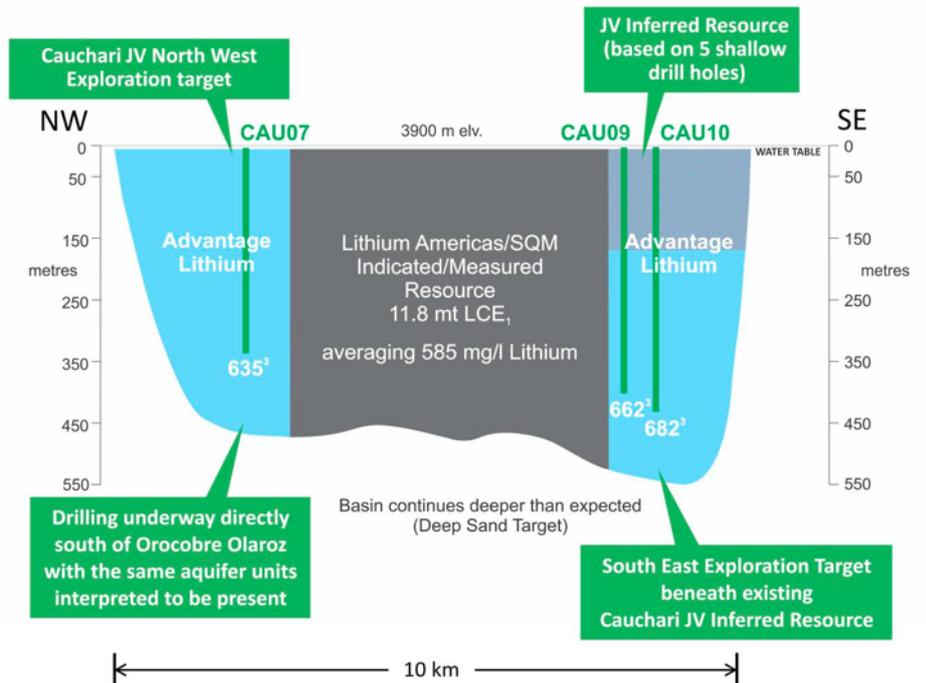
Source: Jujuy Registro Grafico Feb 18, LKE

Cauchari Salar Hydrostratigraphic Model



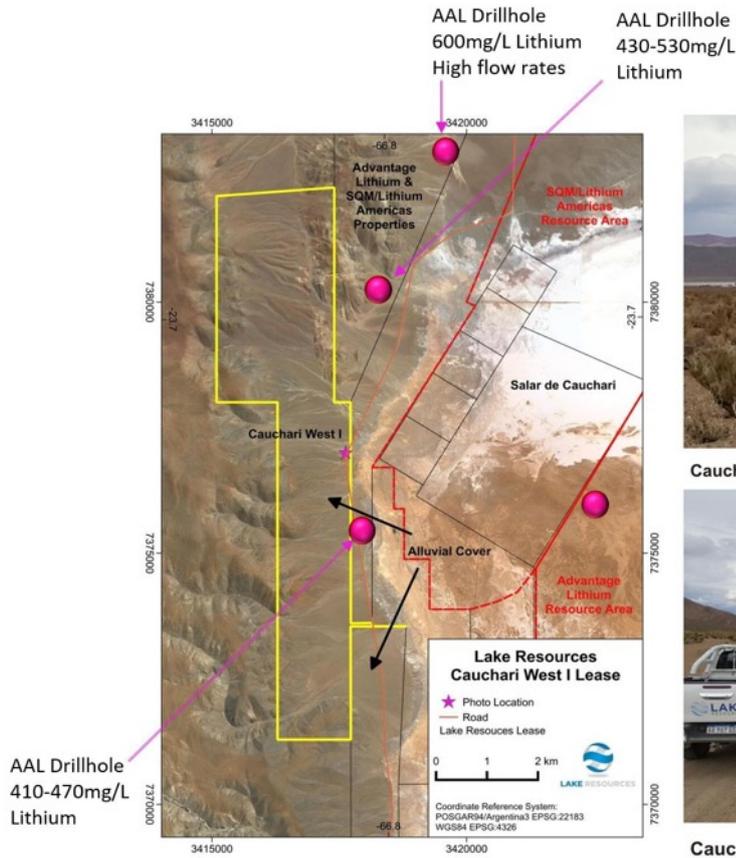
Olaroz/Cauchari Section
Targets on basin boundaries with potential for same aquifer & high flows

Cauchari Lithium Brine Recent Drilling Results



Source: Advantage Lithium NI 43-101 Technical Report – Updated Feasibility Study – March 2017

Cauchari Brine Project Target



Cauchari West I nearby Advantage drill rig and Lithium America camp



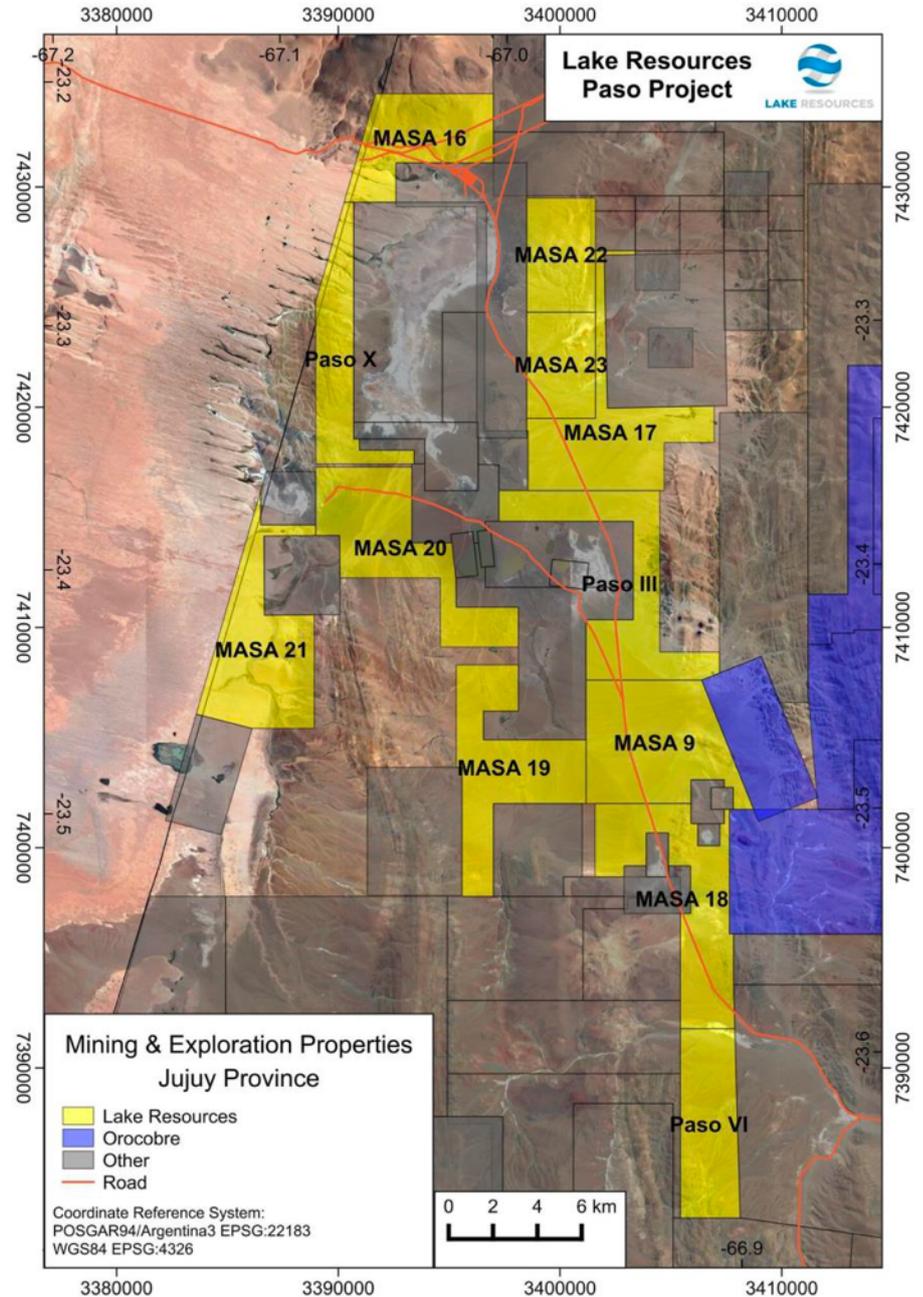
Cauchari West I looking NE

Source: LKE

8. Paso Lithium Project

The Paso Lithium Brine Project (29,626 ha) is located in the Jujuy Province adjacent to the border with Chile, in the next salt lake immediately west of the Orocobre's Olaroz lithium brine production. Initial sampling indicated elevated results. Access is being sought for drilling to provide information and chemistry on potential lithium brine bearing aquifers.

Paso Lithium Brine Tenements



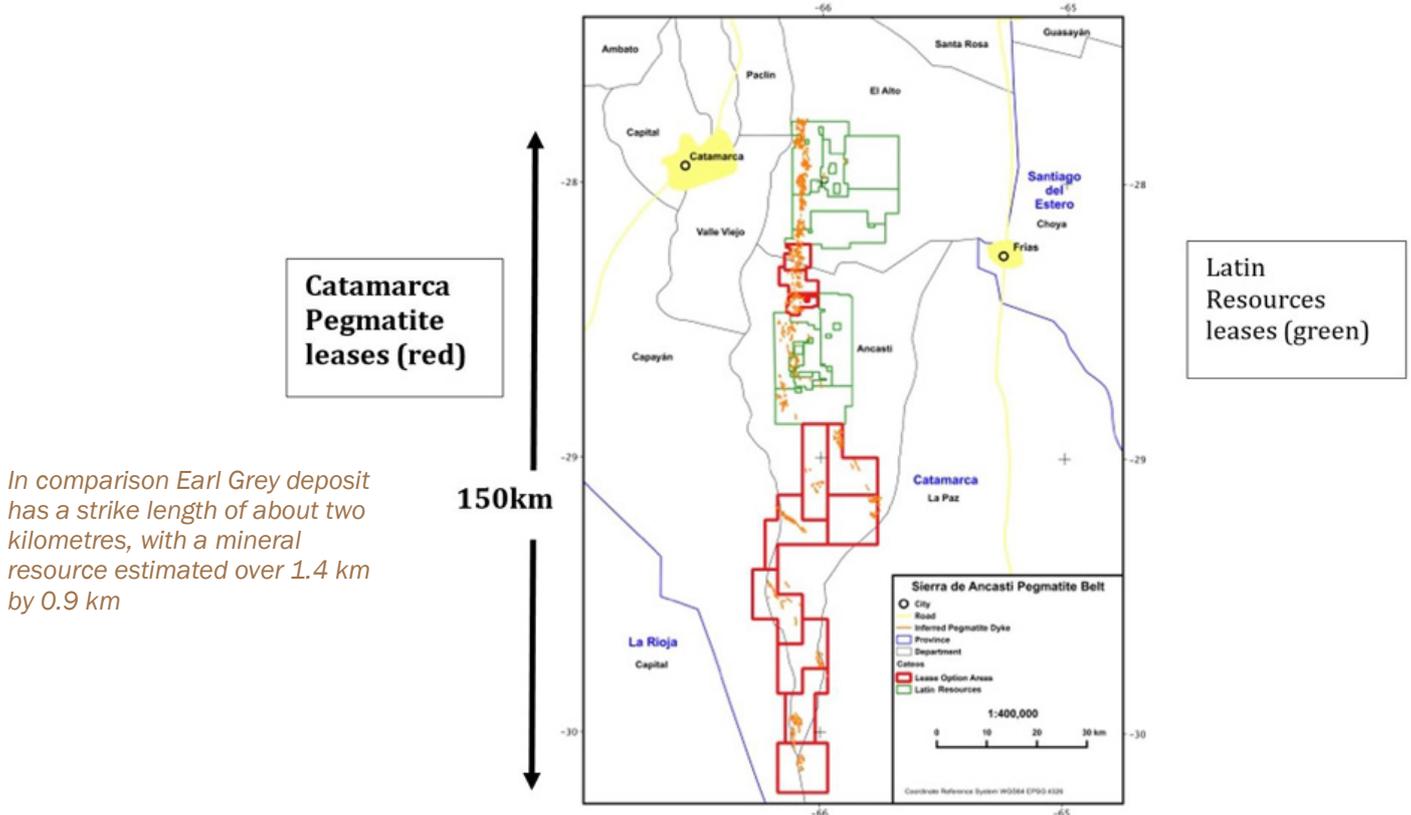
Source: LKE

9. Catamarca Lithium Pegmatite Project

The Catamarca Pegmatite project (~79,500 ha) is located in Ancasti, Catamarca Province, approximately 50km east of the city of Catamarca, with good all-year road access at altitudes of 300-1,800m.

The area is known historically for small scale production from an area of lithium bearing spodumene pegmatites in the Ancasti Ranges. A technical review considered that the belt of pegmatites was substantially larger than the previously known areas. Literature reviews, satellite image studies and field visits helped identify a series of pegmatite swarms with lithium bearing potential over a belt of approximately 150km.

Lake Resources Catamarca Leases



Source: LKE

Eight cateos were applied for with a number now granted and others pending granting. A number of smaller mining leases are also under application. Initial field visits by Lake personnel have demonstrated outcropping pegmatites with coarse grained spodumene crystals 30-70cm long in a number of locations. Although data is limited, an option agreement was considered a prudent way to further assess the potential.

Catamarca Leases - Outcropping Pegmatites



Source: LKE

Latin Resources (LRS.ASX) who hold adjoining leases in the same belt, announced on 14 June 2016 results of 4.9% LiO₂ to 7.1% LiO₂ from samples of spodumene from old mine workings, as part of exploration applications over approximately 76,000 ha. These exploration areas have been since granted and approved for drilling activities. LRS has a market capitalisation of \$26 million as at 2nd March 2018.

Option Terms

Lake has secured highly attractive option terms over Catamarca Pegmatite Project lease holdings. The original option terms of 20 million shares in three tranches has been adjusted to an initial 1 million shares issues and the additional 19 million shares to be issued when the vendor company Petra Energy S.A. has been formed. (in formation) under the following terms:

The Catamarca pegmatite project can be quickly developed to drill stage and a scoping or pre-feasibility study if results are encouraging.

10. More about Lithium

Characteristics

Lithium is a key component in a range of innovative industries due to its high-energy storage, insulating and heat resistant capabilities.

Lithium is a soft silvery-white metal which is highly reactive and does not occur in nature in its elemental form. In nature, it occurs as compounds within salt brines and hard rock deposits.

Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. Lithium has the highest electrochemical potential of all metals, a key property in its role in lithium-ion batteries.

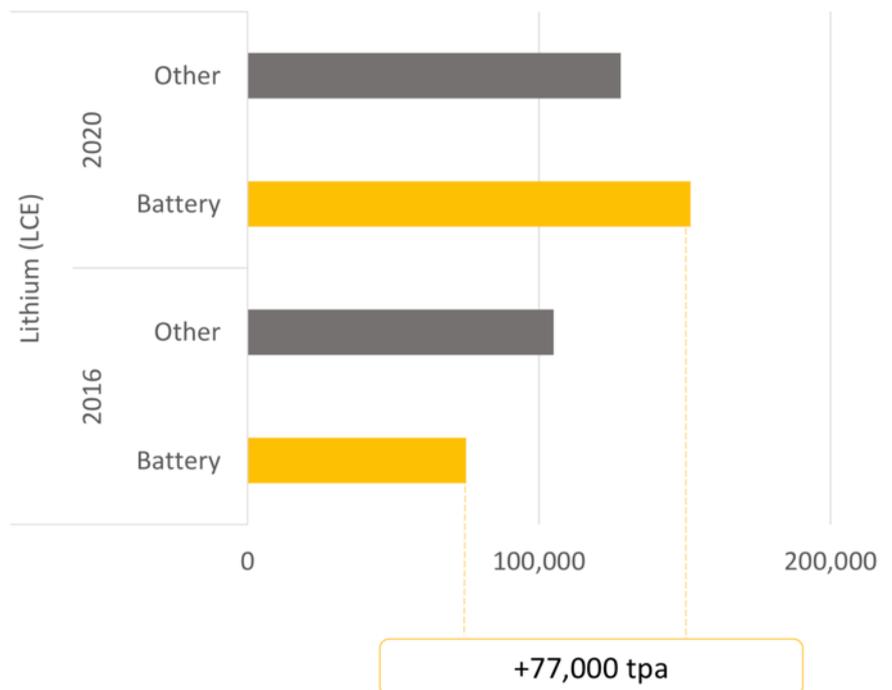
Rechargeable lithium-ion batteries typically weigh approximately 75% less than an equivalent lead acid battery, making them an ideal solution for high-performance products, including electric vehicles.

Lithium Carbonate Market

According to Deutsche Bank, global lithium demand increased 15% year on year to 212kt lithium carbonate equivalent (LCE) in 2016, slightly ahead of estimates. Deutsche forecast lithium pricing to remain elevated relative to historical averages, but retrace 15% over 2016 pricing levels. Further, the medium-term outlook is improving and Deutsche have recently lifted their 2019 demand forecast to 380kt.

Lithium Demand

Lithium Demand Growth



100,000 tpa of new capacity is equivalent to in excess of ten new projects such as the Orocobre's Olaroz operation as it currently stands.

Source: Benchmark Mineral Intelligence

According to *Benchmark Mineral Intelligence*, the Li-ion battery sector will see its demand for lithium increase by 77,000 tpa LCE over the 2016-2020 period. Overall, demand for lithium is expected to increase by about 100,000 tpa (LCE).

Lithium Prices

Interest in lithium is dominated by the growing demand for rechargeable batteries, especially the lithium-ion batteries for electric vehicles and mobile devices, which has recently triggered a corresponding rise in lithium prices. The annual global sales of electric vehicles are widely forecast to grow from under 1.0 million in 2016 to over 24 million by 2030. The resultant demand for lithium-ion batteries sparked fears in 2015 of a lithium shortage, and prices of lithium carbonate (99% China) almost tripled within eight months to about US\$25,000/t by mid-2016, before settling at around US\$20,000/t.

Lithium Exploration

According to S&P Global Market Intelligence, the mining industry's exploration budget for lithium has more than doubled for the second consecutive year in 2017. The increasing investor interest has seen the number of junior companies exploring for the lightest metal to 129 in 2017 from 23 pure explorers in 2015.

The Directors have strong backgrounds in mineral exploration, mining engineering, mine management, finance and accounting, with considerable international experience, particularly in Argentina where all LKE projects are located

11. Recent Changes in Argentina

Here are some of the recent changes observed in Argentina:

- New Government Pro-lithium development (Dec 2015) after 12 years of socialist rule
- President Macri is a businessman, who supports foreign investment
- Argentina Welcomes Foreign Investment (Jan 2016) with Investment Forum in September 2016
- Removed mining export withholding taxes, Feb 2016
- Removed restrictions on import of goods, Feb 2016
- Announced infrastructure spending in NW Argentina, Feb 2016
- Settled government bond default after 15 years, raised new bonds, Feb/Apr 2016
- Foreign Heads of State visits: B. Obama, F. Hollande

12. Directors & Management Team

Stephen Promnitz, Managing Director

Stephen has considerable technical and commercial experience in Argentina, a geologist fluent in Spanish, and a history of exploring, funding and developing projects. Mr Promnitz has previously been CEO and 2IC of mid-tier listed mineral explorers and producers (Kingsgate Consolidated, Indochine Mining), in corporate finance roles with investment banks (Citi, Westpac) and held technical, corporate and management roles with major mining companies (Rio Tinto/CRA, Western Mining).

Stuart Crow, Chairman and Non-Executive Director

Stuart has global experience in financial services, corporate finance, investor relations, international markets, salary packaging and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses.

Dr Nick Lindsay, Non-Executive Director

Nick has over 25 years' experience in Argentina, Chile and Peru in technical and commercial roles in the resources sector with major and mid-tier companies, as well as start-ups. Nick has an BSc (Hons) degree in Geology, a PhD in Metallurgy and Materials Engineering as well as an MBA. A fluent Spanish speaker, he has successfully taken companies in South America, such as Laguna Resources which he led as Managing Director, from inception to listing, development and subsequent acquisition. Mr Lindsay is currently CEO of Manuka Resources Ltd, an unlisted company, having previously held the position of President – Chilean Operations for Kingsgate Consolidated Ltd and is a member of the AusIMM and the AIG.

Peter Gilchrist, Non-Executive Director

Peter graduated in civil engineering at the University of Queensland (B.Eng. (Hons.), Civil, 1966) and subsequently completed additional qualifications in engineering at the University of NSW (MSc. Eng., 1969) and business administration at the University of Western Ontario (MBA, 1973).

Peter has a breadth of experience as an engineer in mining, construction and manufacturing in Australia and the USA. He has recent global experience as Executive Chairman of the Aquatec Maxcon Group, a successful manufacturer and installer of water treatment equipment for a wide range of customers in the municipal, power and mining industries.

He is a founding director of 202 Limited, an unlisted public investment company that provided the initial seed capital for Lake Resources, and a founding Director of Lake Resources.

Andrew Bursill, Company Secretary

Mr Bursill is a qualified Chartered Accountant and has held the position of outsourced CFO and Company Secretary with numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices and retail.

13. Investment Risks

LKE is exposed to a number of risks including:

- **Geological risk:** the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are

imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

- **Commodity price risk:** the revenues LKE will derive through the sale of lithium carbonate or spodumene concentrate expose the potential income to lithium price risk. The lithium price fluctuates and is affected by many factors beyond the control of LKE. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue LKE derives from the sale of lithium products exposes the potential income to exchange rate risk. International prices of various commodities are denominated in United States dollars, whereas the costs base is in Argentinian Peso and the financial reporting currency of LKE is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD, ARS and AUD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

Analyst

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