



LAKE RESOURCES N.L. (ASX:LKE)

ASX Market Announcements Office

17 January 2019

CAUCHARI DRILLING AND CORPORATE UPDATE

- **Drilling ongoing at Lake's Cauchari Lithium Brine Project adjacent to major projects.**
- **High fluid pressures experienced downhole are very encouraging but have made drilling progress challenging – third hole is now underway with adjusted drilling method**
- **Drilling has extended brine conditions encountered in the adjacent brine producing basin extends into LKE's leases**
- **New York based consultants RB Milestone engaged to broaden access to North American market.**

Cauchari Drilling

Argentine-focused lithium exploration and project development company **Lake Resources NL (ASX: LKE)** has progressed drilling at Lake's 100% owned Cauchari Lithium Brine Project (Figure 1).

Drilling has encountered high fluid pressures downhole, which are encouraging, but to date have prevented the hole reaching the targeted horizons, so that representative brine samples have not yet been able to be taken. Nevertheless, it is encouraging that drilling has encountered brine within sandy horizons, demonstrating that the large Cauchari brine-producing basin extends itself well into the company's leases.

Drill hole #3 is now underway and is currently at 140 metres depth (Figure 3). The diamond drill rig that attempted to drill the second hole has been removed and adjusted drilling methods are being reviewed.

High grade third party drill results continue to be reported close to the lease boundary, including 611mg/L lithium with high flow rates from a deeper sand unit reported by Orocobre/Advantage Lithium (*1) (Figures 2,3). This is also very encouraging for Lake.

Lake's Managing Director Stephen Promnitz said: "While drilling has been frustratingly slow at Cauchari, the upside is that the challenging downhole conditions show that the large, adjoining producing brine basin extends into our leases. Our focus is on getting to the targeted horizons and sampling them as quickly as possible."

Engagement of US-Based Consulting Firm RB Milestone Group

Lake has also engaged US based consultants, RB Milestone Group LLC ("RBMG"), in North America to broaden access to a wider investor audience. This initialises an enhanced program for Lake whereby RBMG will provide strategic planning, market intelligence and research initiatives, as well as business referrals related to business development and general corporate opportunities. The program allows Lake to reach a wider audience of financial and strategic professionals across the United States and Canada. These services will help Lake communicate its corporate characteristics to applicable investment and media outlets in that region.

Corporate activity continues unabated in the lithium brine sector in Argentina with a C\$111 million cash offer for LSC Lithium (TSX-V: LSC) from an oil and gas operator PlusPetrol.

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Figure 1 a,b,c: Lake’s Cauchari Lithium Project – View looking north west across the Cauchari salt lake towards adjoining Ganfeng Lithium / Lithium Americas resource and Orocobre / Advantage Lithium resource. Rotary drill rig looking east and setup at Hole #3. (Third Party Resource details summarised in LKE’s ASX announcement dated 6 Sept 2018)

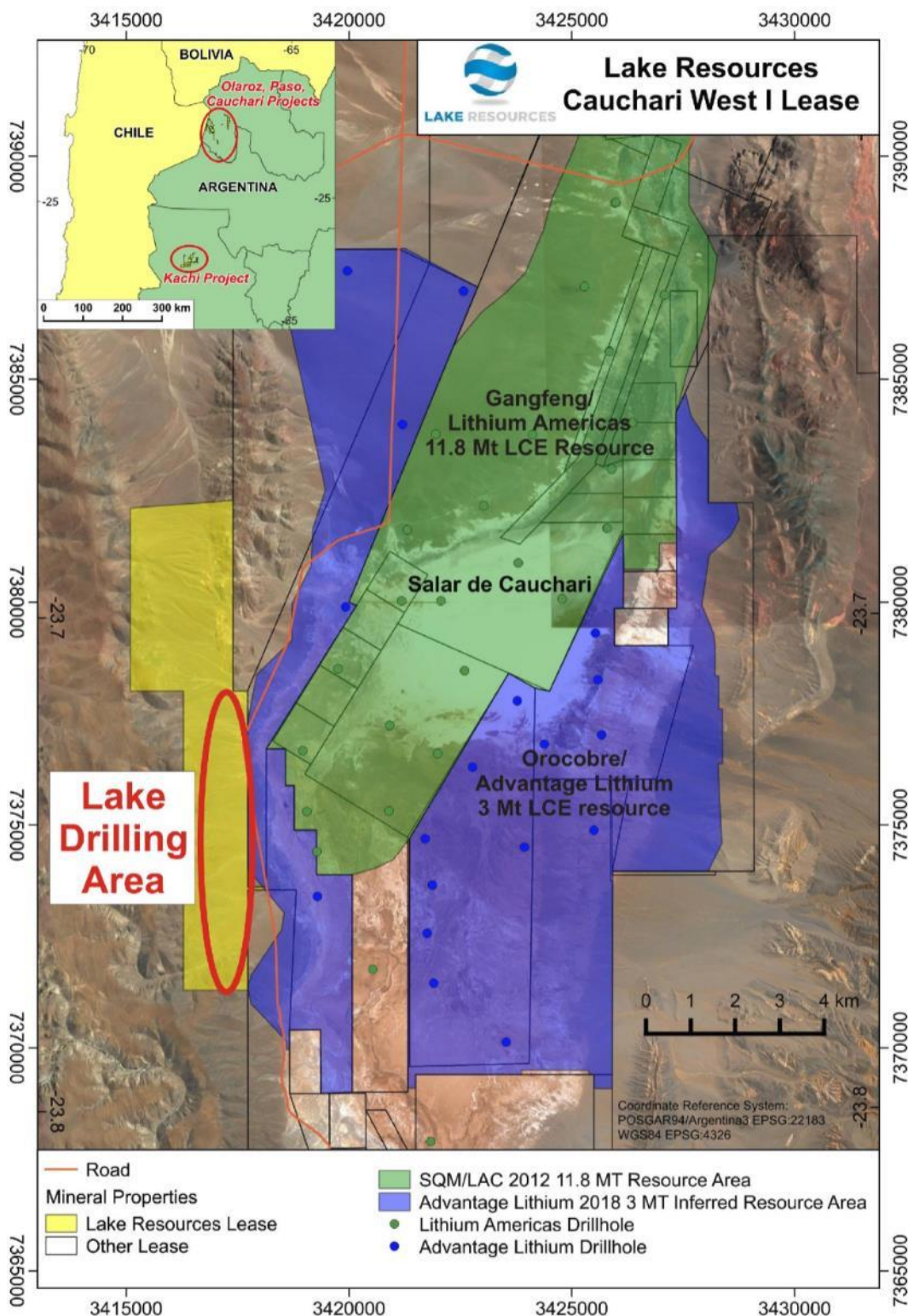


Figure 2. Cauchari Lithium Project, with adjoining SQM / Lithium Americas resource and Orocobre / Advantage Lithium resource with summary drill results (Orocobre announcements 7/11/2017, 4, /12/2017, 18/01/2018, Advantage Lithium announcement 5/3/2018, 10/01/2019). (Third Party Resource details summarised in LKE's ASX announcement dated 6 Sept 2018)

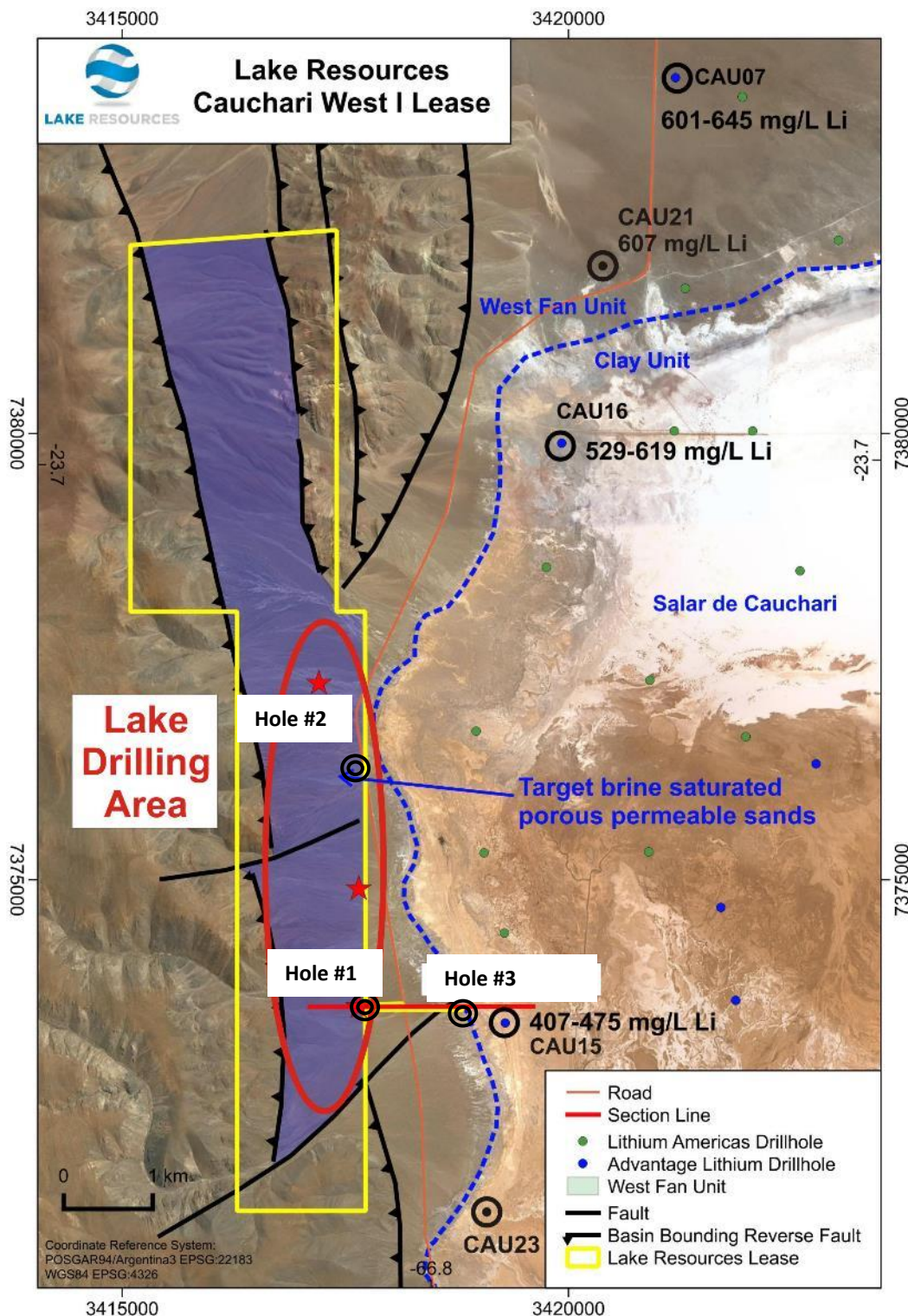


Figure 3. Lake's Cauchari Lithium Project, showing drill hole locations to intersect the extension of the sand unit inferred to extend into Lake's leases from adjoining Orocobre / Advantage Lithium resource (Source: Advantage Lithium NI 43-101 (*1))

Footnotes:

(*1): Drill results released by Orocobre (ASX:ORE) from their market releases on the ASX on 18 April 2018, 29 June 2018, 19 Sept 2018 and 10 Jan 2019.

Competent Person's Statement – Cauchari Lithium Brine Project

The information contained in this ASX release relating to Exploration Results has been compiled by Mr Andrew Fulton. Mr Fulton is a Hydrogeologist and a Member of the Australian Institute of Geoscientists and the Association of Hydrogeologists. Mr Fulton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial exploration at the Cauchari project.

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.

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. 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/>

About RB Milestone Group LLC ("RBMG")

RBMG is a US-based consulting firm with offices in Stamford, Connecticut and New York City. RBMG specializes in assisting small and venture-stage companies with enhancing corporate strategy, business development, market intelligence and research. RBMG partners with clients internationally and across a wide range of industry segments, but with a strong focus on the battery metals space. Staff specialists have diverse sector knowledge centered on capital markets. RBMG is not a registered investment advisor or broker-dealer, does not raise capital, and does not receive transaction-based fees. For more information on RBMG, please visit: www.rbmilestone.com. In the purview of Section 17(b) of the Securities Act of 1933 and in the interest of full disclosure, RBMG encourages the reader to view RBMG's full disclaimer by visiting: www.rbmilestone.com/disclaimer.html.