

Lake Resources NL ACN 079 471 980 (Company)

Second Supplementary Prospectus

Second Supplementary Prospectus to a Prospectus dated 17 August 2021

Important Information

This supplementary prospectus is dated 22 September 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Second Supplementary Prospectus**). This Second Supplementary Prospectus supplements and is intended to be read together with the prospectus dated 17 August 2021 (**Prospectus**) and the refresh supplementary prospectus dated 1 September 2021 (**First Supplementary Prospectus**), which was issued by Lake Resources NL ACN 079 471 980 (**Company**).

ASIC, ASX Limited (**ASX**), and their officers take no responsibility as to the contents of this Second Supplementary Prospectus. This Second Supplementary Prospectus shall be read in its entirety together with the contents of the Prospectus and First Supplementary Prospectus. If you are in any doubt as to the contents of this document, you should consult your professional advisers without delay.

Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms used in this Second Supplementary Prospectus shall have the same meaning ascribed to them in the Prospectus. To the extent of any inconsistency between this Second Supplementary Prospectus and the Prospectus, the provisions of this Second Supplementary Prospectus will prevail.

The Company has issued an electronic version of this Second Supplementary Prospectus, the Prospectus and the First Supplementary Prospectus. Electronic versions of each may be accessed at www.lakeresources.com.au.

1. Purpose of this Second Supplementary Prospectus

This Second Supplementary Prospectus has been issued for the purposes of disclosing to Shareholders a new circumstance that has arisen since the date of the Prospectus in relation to the Company's technology partner, Lilac Solutions Inc (**Lilac**).

The disclosure in this Second Supplementary Prospectus is consistent with the ASX announcement by the Company on the same date as this Second Supplementary Prospectus.

2. Agreement with Lilac Solutions Inc

1.1 Terms of transaction documents

The Company has entered into a Pilot Project Agreement with Lilac regarding its Kachi Lithium Project in Argentina, presently fully owned by the Company through its Argentine subsidiary, Morena de Valle Minerals S.A. (**Morena**).

The Company and Lilac have also:

- (a) signed a Shareholders' Agreement governing the terms on which the Company and Lilac (via their respective nominees/subsidiaries) will hold shares in the Company's subsidiary, Kachi Lithium Pty Ltd (**Kachi Lithium**), which will in turn own all of the shares in Morena; and
- (b) agreed a form of Constitution which will set out the rights attaching to the shares in Kachi Lithium.

Staged interests

Lilac can earn up to 25% interest in the Company's Kachi Lithium Project in Argentina via a shareholding in Kachi Lithium. The interest will be earned over the following stages:

- (a) *Stage 1:*

Lilac will earn 10% on committing to fund at its cost the completion of testing of its technology for the Kachi Project in accordance with an agreed timeline.

- (b) *Stage 2*

Lilac will earn a further 10% on satisfying all agreed testing criteria using the demonstration plant at the Kachi Project in accordance with an agreed timeline.

- (c) *Stage 3*

Lilac will earn a further 5% on refined lithium chemical product from Kachi achieving the highest agreed qualification standards with certain potential offtake partners.

Other Key Terms

The other key terms of the documents are:

- (a) Lilac will provide technology services and its proprietary ion-exchange materials for the life of the project, subject to meeting the testing criteria and certain agreements being finalised and entered into.
- (b) The Company will be the manager of the Kachi Project.
- (c) Lilac will appoint David Gelinis, Lilac's CFO, as a director to Kachi Lithium.
- (d) Both the Company and Lilac have pre-emptive rights in respect of each other's interests.
- (e) Once Lilac has earned its 25% interest, the Company and Lilac will contribute proportionately to funding development of the Kachi Project. Conventional dilution clauses will apply in the case of non-compliance.
- (f) The Company has buy back rights in the event that Lilac does not meeting agreed testing criteria or if a services agreement cannot be agreed with Lilac.

Condition Precedent

The Pilot Project Agreement entered into with Lilac is subject to a number of conditions, including:

- (a) obtainment of any regulatory approvals;
- (b) on Stage 2, Lilac satisfying all agreed testing criteria.

1.2 Non-Materially Adverse

The Directors do not consider the transactions documents being entered into with Lilac as set out in section 1.1 above are materially adverse from an investor's point of view.

3. Other Material Information

The Directors of the Company are not aware of any acts, matters or things (not already described in the First Supplementary Prospectus or the Prospectus) which may be material to the making of an informed assessment of:

- (a) the effect of the Offer on the Company; or
- (b) the rights attaching to the Bonus Options or Additional Options.

4. Director Consent

Directors' authorisation and consent

This Second Supplementary Prospectus has been signed by a Director of the Company with the authority of each of the Directors and is dated 22 September 2021. Each Director has consented to lodgement of this Second Supplementary Prospectus with ASIC.



Stuart Crow
Chairman
Lake Resources NL