

12 October 2022

Lake Resources and SK On execute Conditional Framework Agreement (CFA) involving a 10 percent strategic investment in Lake Resources and offtake for up to 25,000tpa battery grade lithium (LCE) from Kachi Project subject to a set of conditions under the CFA.

Offtake of up to 25,000 tonnes per annum of high purity lithium from the Kachi Project.

•SK On to acquire 10 percent of Lake via strategic investment underpinning the development of a Clean Lithium Supply Chain to meet the global environmental demands for Electric Vehicles particularly in North America.

•Continued de-risking of the project for financiers and investors.

Clean lithium developer Lake Resources NL (ASX: LKE; OTC: LLKKF) (Lake) advises that it has entered into a Conditional Framework Agreement with SK On Co., Ltd. (SK On) for the offtake of up to 25,000 tonnes per annum (tpa) of lithium from the Kachi Project which includes 10 percent investment by SK On in Lake via the issue of new ordinary shares.

Significant terms of the CFA are as follows:

- A strategic investment of a 10 percent stake in Lake (20 trading-day VWAP prior to 12/10/22)
- Offtake of 50 percent of Kachi project lithium product up to 25,000dmt (LCE)
- Initial five-year term plus option for a further five years
- Offtake priced on an agreed market price formula based upon the average quoted price in the quotation period.

The CFA is subject to a standard set of conditions being achieved by Lake Resources including: DFS; Lilac demonstration plant results; financial due diligence; and product specifications.

The CFA becomes unconditional upon the satisfaction of conditions precedent.

“The CFA delivers a long-term strategic agreement with SK On, one of the world’s pre-eminent lithium-ion battery producers with a major growing presence in the North American market,” Stu Crow, Lake’s Executive Chairman, said.

He said the agreement strengthens Lake’s long term shareholder base and adds to the equity component required for the drawdown of debt facilities for project development.

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Lake's new CEO and MD David Dickson said the CFA cements the ability of Lake to scale up environmentally responsible production and also affords SK On the opportunity to participate in Lake's other projects as they move to development to ensure a supply of high-quality lithium products are available to SK On.

"SK On is very pleased to execute this CFA with Lake, a clean lithium developer, which can allow SK On to secure a stable lithium supplier for its U.S. supply chain," Jinsuk Ryu, SK On's Vice President said.

"Lake fits particularly well with SK On's ESG policy as it utilises environment-friendly direct lithium extraction technology for production of lithium. With this CFA, both Parties will strengthen mutual partnership to advance opportunities to secure sustainable sources of raw materials in the future," she said.

SK On is one of the fastest-growing battery manufacturers in the industry, with battery production facilities operating in countries including the U.S., China, Hungary and Korea. SK On, an affiliate of Korea's second-largest conglomerate SK Group, supplies batteries to major automakers, including Ford Motor Company, Hyundai Motor Company and Volkswagen.

SK On has consented to this market release. Lake will update the market on progress on the implementation of the CFA with SK On as soon as it is able to do so.

Lake is advised in this transaction by New Electric Partners (www.newep.com).

Release authorised by Stuart Crow, Executive Chairman.

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About Lake Resources NL (ASX: LKE; OTC: LLKKF)

Clean high purity lithium using efficient disruptive clean technology - in demand by EV makers and lithium-ion batteries

Lake Resources NL (ASX: LKE; OTC: LLKKF) is a clean lithium developer utilising direct extraction technology for production of sustainable, high purity lithium from its flagship Kachi Project in Catamarca Province within the Lithium Triangle in Argentina among three other projects covering 220,000 ha.

This direct extraction method delivers a solution for two rising demands – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials with low-carbon footprint and significant ESG benefits.

1. Climate-Tech:

Efficient, disruptive, clean, cost-competitive technology using well-known water treatment re-engineered for lithium (not mining). Technology partner, Lilac Solutions Inc, is supported by the Bill Gates led Breakthrough Energy fund, MIT's The Engine fund, Chris Sacca's Lowercarbon Capital, BMW, Sumitomo, and SK Materials. Lilac has currently earned in to 10% of the Kachi Project and may

earn-in to a total 25% stake, based on certain milestones, and then be expected to fund their c.US\$50 million pro-rata share (refer ASX announcement 22 September 2021)

2. High Purity:

99.97% purity lithium carbonate samples for a premium price, demonstrated in pilot plant operations in California with a demonstration plant en route to the Kachi Project. Demonstrated high quality in nickel rich NMC622 lithium-ion batteries (refer ASX announcement 20 October 2020; 2 March 2021).

3. Sustainable /ESG:

Far smaller environmental footprint than conventional methods, that returns virtually all water (brine) to its source with a low CO2 footprint.

4. Prime Location, Large Projects:

Flagship Kachi project in prime location among low-cost producers with a large lease holding (74,000 ha) and expandable resource (4.4 Mt LCE) used for 25 years production at 50,000tpa (JORC Resource: Indicated 1.0Mt, inferred 3.4Mt, refer ASX announcement 27 November 2018). Pre-feasibility study at 25,500tpa by tier 1 engineering firm shows large, long-life low-cost operation with US\$1.6 billion NPV pre-tax, and annual EBITDA of US\$260 million from 2024 using past pricing of US\$15,500/tonne lithium carbonate (refer ASX announcement 17 March 2021; 28 April 2020). (No changes to the assumptions in the resource statement or the PFS have occurred since the announcement date.)

5. Finance Indicatively Available:

Long duration, low-cost project debt finance for the Kachi Lithium Project is indicatively available from the United Kingdom's Export Credit Agency UKEF and Canada's EDC with Expressions of Interest to support approx. 70% of the total finance required for Kachi's development, subject UKEF and EDC respective approvals, to standard project finance terms, including satisfactory completion of the DFS, ESIA and offtake arrangements (refer ASX announcements 11 August 2021; 28 September 2021).

6. Offtake Committed under CFA:

A conditional binding agreement for approximately 25,000 tonnes per annum of lithium (LCE) from the Kachi Project has been signed under the binding CFA with SK On:

- 5-year term with an option to extend to be priced on an agreed market price formula based upon the average quoted price in the quotation period.
- SK On will subscribe for 10% of Lake's ordinary shares at an issue price based on a 20 trading-day VWAP prior to the date on which Lake makes a public announcement of the CFA.
- The CFA becomes unconditional upon the satisfaction of conditions precedent:
 - o Successful DFS being released
 - o Lilac Demonstration Plant being successfully operated
 - o Successful and satisfactory completion of due diligence by SK On
 - o Formal agreements, regulatory approvals and ASX waiver

An innovative direct extraction technique, based on a well-used ion exchange water treatment method, has been tested for over 2 years in partnership with Lilac Solutions, with a pilot plant module in California operating on Kachi brines and has shown 80-90% recoveries. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low impurities (refer ASX announcement 20 October 2020). The first samples of high purity (99.97% purity) battery quality lithium carbonate were tested in a NMC622 battery by Novonix with excellent results (2 March 2021).

In ASX announcement 19 September 2022, Lake confirmed that construction of the facility to house the Lilac demonstration plant at Kachi is now complete. Dry commissioning of the demonstration plant commenced on September 14 2022. Wet commissioning of the plant commenced recently. Once wet commissioning is complete, Lilac will immediately begin onsite processing of Kachi brines. Whilst the test program is based on operating the demonstration plant for 1,000 hours it is anticipated that the first 2,000 litres of lithium concentrate produced from the demonstration plant will be sent for conversion into Lithium Carbonate once delivered. Lake proposes that this final Lithium product will then be qualified by a tier 1 battery maker to validate product specifications.

This method of producing high purity lithium can revolutionise and disrupt the battery materials supply industry as it's scalable, low cost, and delivers a consistent product quality with a significant ESG benefit. Lake's other projects include the Olaroz and Cauchari

brine projects, located adjacent to major world-class brine projects in production or construction, including Allkem's (Orocobre's) Olaroz lithium production and adjoins the impending production of Ganfeng Lithium/Lithium Americas' Cauchari project. Lake's Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining leases and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 12 June 2019, 23 March 2021). Drilling commenced on the Olaroz leases in February 2022. For more information on Lake, please visit <http://www.lakeresources.com.au/home/>.

About SK On

SK On is a global leading electric vehicle (EV) battery developer, manufacturer, and solutions provider whose mission is to make our world a cleaner and more convenient place.

Established in October 2021 after splitting off a battery business from SK Innovation, South Korea's largest energy company, SK On aims to become a world leader in the clean energy industry by leveraging its global production base and R&D capabilities, as well as its production and quality management know-how. Headquartered in Seoul, South Korea, SK On has a worldwide presence with battery plants currently operating or in construction across the United States, Europe, and Asia.

About SK Group

SK Group, South Korea's second-largest conglomerate, is a collection of global industry-leading companies driving innovations in semiconductors, sustainable energy, telecommunications, and life sciences. Based in Seoul, SK invests in building sustainable businesses around the world with a shared commitment to reducing global greenhouse gas emissions and increasing the use of renewable energy.

SK companies combined have more than \$138 billion in global annual revenue and employ more than 100,000 people worldwide.

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