

# Lake Resources NL: Strong Expression of Interest to Fund 70% of Kachi Project

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Sydney, Australia - Clean lithium developer [Lake Resources NL](#) (ASX:LKE) (FRA:LK1) (OTCMKTS:LLKKF) has taken a major step forward in securing financial support for its flagship Kachi Lithium Project, after receiving a formal Expression of Interest (EOI) from the United Kingdom's official Export Credit Agency (ECA), UK Export Finance (UKEF), to cover approximately 70% of the total Kachi project funding requirements, subject to standard project finance conditions.

Together with demonstrating official backing for Lake's clean lithium project, the project finance would deliver a significantly lower cost of capital than traditional financing structures, with the principal repaid over an 8.5 year period post-construction. The funding also reflects the Kachi Project's significant ESG benefits for key stakeholders, including the local community and the global clean energy drive towards net zero emissions. The lower interest rate and longer repayment terms associated with ECA financing minimises the financial risks with this level of funding and will drive development of the project in Catamarca Province, Argentina. The EOI has indicated that total funding could be increased to include 70% of an expanded production plant to 50,000 tpa high purity lithium carbonate equivalent. This comes amid accelerating demand from leading battery and EV makers for sustainably produced, battery quality lithium, with increasing projections of a growing structural supply deficit.

UKEF is the United Kingdom's official export credit agency, which in the last five years has provided GBP14 billion (A\$26.4 billion) of support for UK exports and international trade.

UKEF has provided a very strong EOI which is in line with the OECD Arrangements for Officially Supported Export Credits. UKEF's support is not conditional on other ECAs participating. UKEF has stipulated minimum UK content requirements but is welcoming the participation of other ECAs, with whom discussions are ongoing. UKEF's EOI includes the possibility of a portion of direct lending at the OECD CIRR rates linked to the UK content.

The EOI is not a binding commitment and is subject to a series of standard project finance terms and due diligence, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), an Environmental and Social Impact Assessment (ESIA) to Equator Principles.

The EOI provides an indication of available country limits for Argentina, an indication of the attractiveness of the project, and it covers, in principle, the level of financial support and their flexibility and desired conditions. The official British Government support follows Lake's appointment in March 2021 of SD Capital Advisory Ltd.

and GKB Ventures Ltd. to arrange project finance, with a focus on ECAs (refer ASX release 3 March 2021). These financial advisers have actively engaged with Lake, the technical advisers at Hatch, and the environmental and social impact study consultant, Knight Piesold.

The financial advisers have highlighted the technical and commercial attractiveness of the Kachi project and its contribution to the UN Sustainable Development Goals. A positive funding environment follows an increased focus by EV makers on supply chain sustainability, as mandated by UK and European Union regulations, and a requirement for high quality, battery-grade product to support that approach.

In a joint statement, Gabriel Buck, of GKB Ventures Ltd. and David Buckle, of SD Capital Advisory Ltd. respectively said: "The quality of this project with its strong SDG credentials and its off-shore hard currency revenues were key determining factors in obtaining this exceptional level of support."

The DFS and ESIA are well advanced, targeting completion by the end of Q1, 2022. Lake is well funded through to the final investment decision (FID) on construction finance for Kachi, anticipated in mid-2022, with A\$26 million in cash and cash equivalents at the end of the June quarter 2021.

Lake's Managing Director, Steve Promnitz commented: "This offer is a watershed moment for Lake - to have a leading ECA willing to indicate financial support for Kachi provides an enormous vote of confidence in our clean energy project. The support reflects not only Kachi's robust financials but also its considerable ESG

benefits such as a small environmental footprint, satisfying a number of defined Sustainable Development Goals.

"We acknowledge that we have significant work to convert this EOI into a committed funding arrangement. We are pleased that a number of international banks have already approached us who have expressed an interest to be part of Kachi's development and their interest is dependent on having a strong ECA like UKEF".

"Essentially this EOI is stating that if Lake does what it says it's going to do in the DFS and ESIA, the project will be funded. Combined with backing from potential international off-takers, investors will increasingly see progress towards successful production and expansion of Kachi, perfectly timed to meet the needs of a decarbonising world."

About Lake Resources NL:

[Lake Resources NL](#) (ASX:LKE) (OTCMKTS:LLKKF) is a clean lithium developer utilising clean, direct extraction technology for the development of sustainable, high purity lithium from its flagship Kachi Project, as well as three other lithium brine projects in Argentina. The projects are in a prime location within the Lithium Triangle, where 40% of the world's lithium is produced at the lowest cost.

This method will enable Lake Resources to be an efficient, responsibly-sourced, environmentally friendly and cost competitive supplier of high-purity lithium, which is readily scalable, and in demand from Tier 1 electric vehicle makers and battery makers.

Source:

[Lake Resources NL](#)

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