

Lake Resources NL: Canada Provides Further Export Credit Support for Kachi

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Sydney, Australia - Clean lithium developer [Lake Resources NL](#) (ASX:LKE) (FRA:LK1) (OTCMKTS:LLKKF) continues to demonstrate financial support for its flagship Kachi Lithium Project, after receiving a formal Letter of Interest (LOI) from Canada's official Export Credit Agency (ECA), Export Development Canada (EDC).

EDC's LOI does not increase the level of potential project finance available from Export Credit Agencies for the project but does increase sourcing flexibility, greater access to low-cost direct lending and reflects additional confidence around shared financing for a robust project.

LKE has also received an expression of interest from UKEF. It is planned to have EDC's participation to run alongside UKEF as the lead ECA, under a Common Terms Agreement to cover approximately 70% of the total Kachi project funding requirements, subject to standard project finance conditions.

EDC would potentially provide direct lending at the OECD CIRR to the project up to US\$100 million, subject to sourcing requirements. As at 6 September 2021 the OECD CIRR US\$ interest rate of this type of loan with a repayment period of 8.5 years is 1.77% fixed. (This coupon excludes the EDC's premium which will be Governed by the OECD rules).

EDC is a financial Crown corporation dedicated to helping Canadian companies of all sizes succeed on the world stage. As international risk experts, EDC equips Canadian companies with the tools they need - the trade knowledge, financing solutions, equity, insurance, and connections - to grow their business with confidence. Underlying its support is a commitment to sustainable and responsible business.

Having UKEF and EDC working together will be most welcomed by LKE and demonstrates potential further 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 Kachi Project provides 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.

The LOI from EDC and EOI from UKEF are not binding commitments and are 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) and Equator Principles.

Lake's Managing Director, Steve Promnitz commented: "Having Canada's direct sovereign lending alongside the UK's sovereign support considerably de-risks the project for the investors and the international banks who continue to express strong interest to be part of Kachi's development".

"Admittedly Lake has significant work to convert these EOI's into committed funding arrangements. However, these EOI's are a road map and if Lake does what it says it's going to do in the DFS and ESIA, the project will be funded."

The Definitive Feasibility Study (DFS) and an Environmental and Social Impact Assessment (ESIA) covering the Kachi Project are well advanced and targeting completion in Q2, 2022. Lake is well funded 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, followed by construction, targeting 25,500 tonnes per annum (tpa) lithium carbonate (LCE) production, with commissioning and production in 2024. An expansion study to 51,000 tpa LCE is anticipated at a similar time as the DFS.

Recently, Lake announced Lilac Solutions will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25 percent stake in Lake's Kachi project based on performance based milestones. Lilac, after earning its interest in Kachi, will be expected to fund approximately US\$50 million, equivalent to its pro rata share of future development costs - aligning

innovation, funding, development, and production. (see ASX announcement 22 September 2021).

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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