

**Lake Resources N.L.**  
A.B.N. 49 079 471 980

1 September 2016

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor, 20 Bridge Street  
Sydney NSW 2000

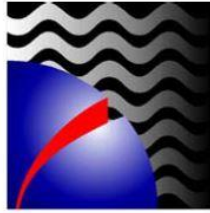
### **Notice of Annual General Meeting and Explanatory Statement**

Please find attached, the Company's Notice of Annual General Meeting and Explanatory Statement with attached Proxy Form. These documents are being dispatched to shareholders today, together with the Financial Report For The Year Ended 30 June 2016 and the Annual Report 2016 (activities). These annual reports have been previously lodged with ASX on 20 July 2016 and 29 July 2016 respectively.

Yours sincerely,  
LAKE RESOURCES NL

Peter Gilchrist  
Secretary

**LAKE RESOURCES N.L. - ASX ANNOUNCEMENT**



**Lake Resources N.L.**  
A.B.N. 49 079 471 980

## **Lake Resources N.L.**

ACN 079 471 980

### **Notice of Annual General Meeting and Explanatory Statement**

General Meeting to be held at  
3-7 Maud St, Newstead, Queensland  
on 4 October 2016  
commencing at 10.00am (AEST)

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

***Should you wish to discuss any matter please do not hesitate to contact the company on (07) 3257 1111.***



## Notice of General Meeting

Notice is given that the Annual General Meeting of Lake Resources N.L. ACN 079 471 980 (**Company**) will be held at 3-7 Maud St, Newstead, Queensland, on 4 October 2016, commencing at 10.00am (AEST) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 25 August 2016 (AEST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1.

### AGENDA

#### Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Statements, the Director's Report and the Auditor's Report.

#### Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, to pass with or without amendment, the following Resolution as **anon-binding** ordinary resolution:

*'That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Annual Report.'*

Note: the vote on this Resolution is advisory only and does not bind the Company.

#### Voting Exclusion

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of:

- a member of the Key Management Personnel named in the Remuneration Report (**KMP**) or their Closely Related Parties regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP at the date of Meeting or their Closely Related Parties.

However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of the person describe above and either:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- the voter is the Chairman and the appointment of the Chairman as proxy:
  - does not specify the way the proxy is to vote on this Resolution; or
  - expressly authorises the Chairman to exercise the proxy even though this Resolution is connected either directly or indirectly with the remuneration of the KMP.

### **Resolution 2 – Re-election of Director – Mr James G. Clavarino**

To consider, and if thought fit, to pass with or without amendment, the following Resolution as an ordinary resolution:

*‘That in accordance with the Company’s constitution and for all other purposes, Mr James G. Clavarino is elected as a Director on the terms and conditions in the Explanatory Statement.’*

### **Resolution 3 — Approval of Lith NRG Acquisition**

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

*‘That, subject to Resolutions 4 to 11 (inclusive) being approved, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to complete the Lith NRG Acquisition, on the terms and conditions set out in the Explanatory Statement.’*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit (except solely a benefit in their capacity as holder of ordinary securities) if the resolution is passed and any Associates of those persons.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Resolution 4 — Approval to issue Consideration Securities**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to Resolutions 3 and 5 to 11 (inclusive) being approved, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of:*

- (a) 50,000,000 Shares;*
- (b) 25,000,000 Tranche 1 Performance Rights (and 25,000,000 Shares on conversion of the Tranche 1 Performance Rights);*
- (c) 12,500,000 Tranche 2 Performance Rights (and 12,500,000 Shares on conversion of the Tranche 2 Performance Rights);*
- (d) 12,500,000 Tranche 3 Performance Rights (and 12,500,000 Shares on conversion of the Tranche 3 Performance Rights);*
- (e) 25,000,000 A Class Options (with an exercise price of \$0.05 and an 18 month expiry period);*
- (f) 12,500,000 B Class Options (with an exercise price of \$0.05 and, subject to the exercise condition, an 18 month expiry period);*
- (g) 6,250,000 C Class Options (with an exercise price of \$0.05 and, subject to the exercise condition, an 18 month expiry period); and*

(h) 6,250,000 D Class Options (with an exercise price of \$0.05 and, subject to the exercise condition, an 18 month expiry period),

(together, **Consideration Securities**) to the Vendors as consideration for the Lith NRG Acquisition on the terms and conditions set out in the Explanatory Statement.'

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might participate in the proposed issue and any person who might obtain a benefit (except solely a benefit in their capacity as holder of ordinary securities) if the resolution is passed and any Associates of those persons.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **Resolution 5 — Approval to issue Shares – Placement**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*'That, subject to Resolutions 3 to 4 and 6 to 11 (inclusive) being approved, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 25,000,000 Shares at \$0.02 per share on the terms and conditions set out in the Explanatory Statement.'*

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might participate in the proposed issue and any person who might obtain a benefit (except solely a benefit in their capacity as holder of ordinary securities) if the resolution is passed and any Associates of those persons.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **Resolution 6 — Approval of 10% Placement Facility**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

*'That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of up to a further 10% Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 on the terms and conditions set out in the Explanatory Statement (at a future market price no less than 75% of the preceding 5 day VWAP).'*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might participate in the proposed issue and any person who might obtain a benefit (except solely a benefit in their capacity as holder of ordinary securities) if the resolution is passed and any Associates of those persons.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Resolution 7 — Approval for further issue of Shares – Capital Raising**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to Resolutions 3 to 6 and 8 to 11 (inclusive) being approved, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 40,000,000 Shares (at a future market price no less than 80% of the preceding 5 day VWAP) within 3 months of the closure of the Lith NRG Acquisition on the terms and conditions set out in the Explanatory Statement.’*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might participate in the proposed issue and any person who might obtain a benefit (except solely a benefit in their capacity as holder of ordinary securities) if the resolution is passed and any Associates of those persons.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Resolution 8 — Approval of Long Term Incentive (LTI) Plan**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to Resolutions 3 to 7 and 9 to 11 (inclusive) being approved, for the purposes of Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of Securities under the Company’s LTI Plan (**LTI Plan**), of up to 8,500,000 Performance Rights as at the date of the Shareholder meeting, as an exception to Listing Rule 7.1 on the terms and conditions set out in the Explanatory Statement.’*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a Director (except one who is ineligible to participate in the LTI Plan) and any of his Associates.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Resolution 9 — Approval to grant Performance Rights to the Company’s proposed Managing Director, Mr Stephen Promnitz**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject Resolutions 3 to 8 and 10 and 11 (inclusive) being approved, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 7.5 million Performance Rights to Mr Stephen Promnitz (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by:

- Mr Stephen Promnitz and any of his Associates; and
- Any Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Resolution 10 — Approval to grant Performance Rights to the Company’s proposed Director, Mr Stuart Crow**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to Resolutions 3 to 9 and 11 (inclusive) being approved, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 1 million Performance Rights to Mr Stuart Crow (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement.’*

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by resolution by:

- Mr Stuart Crow and any of his Associates; and
- Any Director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



### **Resolution 11 — Approval to issue Shares to Lith NRG Pty Ltd loan providers**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*‘That, subject to the approval of Resolutions 3 to 10 (inclusive), for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the grant of 2,000,000 Shares to Lambrecht Investment Trust and Willaton Properties Pty Ltd (or their nominees) for the interest payment on a loan provided to Lith NRG Pty Ltd on the terms and conditions set out in the Explanatory Statement.’*

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by Lambrecht Investment Trust and Willaton Properties Pty Ltd and any of his Associates.

However, the Company will not disregard a vote if:

- It is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- It is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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By order of the Board of Directors



**Peter Gilchrist**

Director and Company Secretary

1 September 2016

# Explanatory Statement

## 1 Introduction

This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Meeting to be held at 3-7 Maud Street, Newstead, Queensland on 4 October 2016 at 10.00am (AEST).

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. This Explanatory Statement contains the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Summary of the Lith NRG Acquisition
Section 4	Annual Report
Section 5	Resolution 1 – Adoption of Remuneration Report
Section 6	Resolution 2 – Re-election of Director – Mr James G. Clavarino
Section 7	Resolution 3 – Approval of Lith NRG Acquisition
Section 8	Resolution 4 – Approval to issue Consideration Securities
Section 9	Resolution 5 – Approval to issue Shares – Placement
Section 10	Resolution 6 – Approval of 10% Placement Facility
Section 11	Resolution 7 – Approval for further issue of Shares – Capital Raising
Section 12	Resolution 8 – Approval of Long Term Incentive (LTI) Plan
Section 13	Resolution 9 – Approval of Performance Rights to the Company’s proposed Managing Director, Stephen Promnitz
Section 14	Resolution 10 – Approval to grant Performance Rights to the Company’s proposed Director, Mr Stuart Crow
Section 15	Resolution 11 – Approval to issue Shares to Lith NRG loan providers

An indicative timetable for completion of the Lith NRG Acquisition is set out below:

Event	Date*
Despatch of Notice of Meeting and Explanatory Statement	1 September 2016
Shareholders Meeting	4 October 2016
Completion of Lith NRG Acquisition	11 October 2016

*\*Dates in the above table are indicative only.*

A Proxy Form is located at the end of the Explanatory Statement.

## **2 Action to be taken by Shareholders**

Shareholders should read the Notice and Explanatory Statement carefully before deciding how to vote on the Resolutions.

### **Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a '**proxy**') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return a Proxy Form to the Company in accordance with the instructions on that form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) A proxy need not be a member of the Company; and
- (c) A member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## **3 Lith NRG Acquisition**

### **3.1 Overview**

On 25 May 2016, the Company announced that it had entered into a conditional share purchase agreement (**SPA**) with Lith NRG Pty Ltd ACN 610 126 620 (**Lith NRG**), a private company, for the proposed acquisition of a package of lithium-focused tenement applications and interests in tenements in North West Argentina, to be effected by the acquisition of all of the shares in Lith NRG from the Vendors.

### **3.2 Summary of the SPA**

The Company has entered into the SPA with the Vendors to acquire 100% of the issued share capital of Lith NRG on the following terms:

- (a) **Consideration:** the consideration for the Lith NRG Shares is the Consideration Securities, which comprise:
  - (i) 50,000,000 Shares;
  - (ii) 25,000,000 Tranche 1 Performance Rights (and 25,000,000 Shares on conversion of the Tranche 1 Performance Rights);
  - (iii) 12,500,000 Tranche 2 Performance Rights (and 12,500,000 Shares on conversion of the Tranche 2 Performance Rights);
  - (iv) 12,500,000 Tranche 3 Performance Rights (and 12,500,000 Shares on conversion of the Tranche 3 Performance Rights);

- (v) 25,000,000 A Class Options;
  - (vi) 12,500,000 B Class Options;
  - (vii) 6,250,000 C Class Options; and
  - (viii) 6,250,000 D Class Options.
- (b) **Conditions:** the Lith NRG Acquisition is subject to and conditional on:
- (i) each party completing its due diligence investigations on the other, to that party's reasonable satisfaction; and
  - (ii) the Resolutions being approved by Shareholders, and the Company obtaining all other third party, regulatory and shareholder approvals necessary to give effect to the Resolutions; and
  - (iii) that the rights to the Tenement Applications are transferred into wholly owned Argentine subsidiaries of Lith NRG; and
- (c) **Performance Rights:** the terms of the Tranche 1 Performance Rights, the Tranche 2 Performance Rights and the Tranche 3 Performance Rights are set out in Schedule 5.
- (d) **Options:** the terms of the A Class Options, B Class Options, C Class Options and D Class Options are set out in Schedule 2.

Resolution 4 seeks Shareholder approval for the issue of the Consideration Securities to the Vendors under the SPA.

Refer to section 7 and 8 for further details.

### 3.3 Overview of Lith NRG and Tenement Applications

#### The Lithium Triangle Project

The Tenement Applications are located within the prolific Andean Lithium Triangle of northern Chile and north west Argentina, which includes approximately 45% of global annual production of lithium sourced from lithium brine-bearing salt lakes. The Tenement Applications cover part of extensive potential lithium brine-bearing salt lakes in the high Andes of north west Argentina. The Tenement Applications comprise 53 mining lease applications in the Lithium Triangle area of Jujuy and Catamarca Provinces, Argentina, known as the Lithium Triangle Project.

Activity in the immediate area includes Orocobre Limited and Lithium Americas Corporation. Orocobre have recently commenced production from one of best known lithium brine projects at Olaroz-Cauchari and Lithium Americas have recently signed a joint venture with one of the world's largest lithium brine producers, SQM, with the stated aim to develop the identified significant lithium resource in the Olaroz-Cauchari area. Orocobre is targeting production of approximately 17,500t/year LCE (Lithium Carbonate equivalent), with potential expansion options, from a published exploration target at Olaroz of 7.5 million tonnes of Lithium Carbonate at 700mg/L with a thickness of 126 metres with a specific yield of 20% (Upper Assumption Estimate – Orocobre Annual Report 2015). The identification of resources on neighbouring properties provides no assurance that any resource will be identified on the Lithium Triangle Project.

Rights to the Tenement Applications will be held by two wholly owned Argentine subsidiaries of Lith NRG, titled Minerales Australes S.A. and Morena del Valle Minerals

S.A. Establishment of Argentine entities is currently nearing completion, with the subsidiaries of Lith NRG aimed to be controlling the rights to the Tenement Applications prior to the date of the Meeting.

Entities associated with Lith NRG's Argentine subsidiaries have applied for or have rights to approximately 18,700 Ha area (21 applications) on a 100% basis over the potential lithium brine-bearing Cauchari/Olaroz basins in Jujuy Province, Argentina, located within and around the Orocobre and Lithium Americas projects. Although data is limited within the properties, the tenements may cover potential extensions to the Cauchari/Olaroz projects with potential extensions to aquifers, although this provides no assurance that any resource will be identified on the Lithium Triangle Project.

Entities associated with Lith NRG's Argentine subsidiaries have also applied for or have rights to an area of approximately 29,500 Ha (10 applications) over the basin immediately west of the Orocobre's Olaroz project, called the Paso project.

In Catamarca province, an area of approximately 45,400 Ha (22 applications) has been applied for over a potential lithium brine-bearing basin, called the Kachi project.

It is contemplated that further areas will be applied for and agreements with third parties may be entered into in the future.

The map set out in Schedule 7 shows the location of the Tenement Applications in relation to lithium producers and lithium projects in development in the Argentine part of the Andean Lithium Triangle.

### **3.4 Argentina and Lithium**

The Andean Lithium Triangle of northern Chile, north west Argentina and southern Bolivia currently produces approximately 45% of the world's supply of lithium, all from lithium brine filled lakes, and has the world's lowest cost producers (Roskill 2015), together with representation by the 'Big 3' of Lithium production, SQM, Albemarle and FMC. The Lithium Triangle hosts the largest known undeveloped lithium brine resources (USGS 2015).

Argentina was considered a promising opportunity because it has a number of lithium brine-bearing salt lakes ('salars') and lithium brine-bearing aquifers in the high Andes ('the Puna') in NW Argentina (Jujuy, Salta, Catamarca provinces) which were either significantly under-explored or in various stages of development. Lake Resources had previously operated and explored in Argentina and is familiar with the business environment. However, Argentina had become a difficult investment destination in recent years until a presidential election in November/December 2015 led to a change in government where a successful businessman, Mauricio Macri, became president. Mr Macri and his government immediately began opening Argentina to foreign investment, liberating the convertibility of the local currency, resolving a 15-year deadlock on defaulted government bonds and starting a series of reforms to place the country back into the mainstream of global economies.

Lith NRG was also familiar with the business environment and technical aspects of the Andean Lithium Triangle region, due to previous experience in Argentina/Chile/Bolivia. Approximately six months was spent reviewing lithium brine projects in Chile and Argentina, from construction stage to grass roots, leading to a property package being secured on a 100% basis in north west Argentina.

### 3.5 Board and Management Changes

The Company has proposed to appoint two new Directors to the Board, together with Management changes, subject to completion of the Lith NRG Acquisition.

- (a) Mr Stephen Promnitz will be appointed as Managing Director as he has considerable technical and commercial experience in Argentina, a geologist fluent in Spanish, and a history of exploring, funding and developing projects. Mr Promnitz has previously been CEO and 2IC of mid-tier listed mineral explorers and producers (Kingsgate Consolidated, Indochine Mining), in corporate finance roles with investment banks (Citi, Westpac) and held technical, corporate and management roles with major mining companies (Rio Tinto/CRA, Western Mining). A salary and incentive package will be provided at market rates.
- (b) Mr Stuart Crow will be appointed as a Non-Executive Director. Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, salary packaging and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses.
- (c) Mr Peter Gilchrist will remain on the Board and become the Chairman, utilizing his breadth of experience over 30 years as an engineer in mining, construction and manufacturing in Australia and the USA. Mr Gilchrist has recent global experience as Executive Chairman of the Aquatec Maxcon Group, a successful manufacturer and installer of water treatment equipment for a wide range of customers in the municipal, power and mining industries.
- (d) Mr Andrew Bursill will become the Company Secretary. Mr Bursill is a qualified Chartered Accountant and has held the position of outsourced CFO and Company Secretary with numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices and retail.

### 3.6 Capital Structure

The total maximum number of securities issued under the Resolutions (other than Resolution 6) contained in the Notice are set out below:

<b>SHARES</b>	
Current Shares on Issue	95,876,034
Proposed Placement of Shares under the Placement	25,000,000
Proposed Issue of Shares to Vendors on completion of Lith NRG Acquisition	50,000,000
Proposed Issue of Shares to loan providers to Lith NRG	2,000,000
<b>Total Shares (before conversion of Tranche 1, Tranche 2 and Tranche 3 Performance Rights)</b>	<b>172,876,034*</b>
<i>*Further Shares to be issued under the Capital Raising.</i>	

Shares issued on conversion of Tranche 1 Performance Rights	25,000,000
Shares issued on conversion of Tranche 2 Performance Rights	12,500,000
Shares issued on conversion of Tranche 3 Performance Rights	12,500,000
<b>Total Shares</b> (after conversion of Tranche 1, Tranche 2 and Tranche 3 Performance Rights) <i>*Further Shares to be issued under the Capital Raising.</i>	<b>222,876,034*</b>

<b>PERFORMANCE RIGHTS</b>	
Performance Rights issued under LTI Plan	8,500,000
Tranche 1 Performance Rights	25,000,000
Tranche 2 Performance Rights	12,500,000
Tranche 3 Performance Rights	12,500,000
<b>Total Performance Rights</b>	<b>58,500,000</b>

<b>OPTIONS</b>	
A Class Options	25,000,000
B Class Option	12,500,000
C Class Options	6,250,000
D Class Options	6,250,000
<b>Total Options</b>	<b>50,000,000</b>

### 3.7 The Company's current activities

The Company is an Australian listed public company which has to date focused on exploration for copper and gold over three exploration licenses, the Chagai Project, in Balochistan, Pakistan. The company's exploration activities have been restricted since the Chagai Project was effectively farmed out in 2015. The Chagai Project is held by a private company in Pakistan, Chagai Resources (Pvt.) Limited, with Lake's initial retained equity at 27.5% in 2015, reducing to 15% equity or a 10% carried interest if minimum exploration expenditure is met by the incoming parties under certain conditions.

The Company previously undertook mineral exploration activities in northern Argentina in 2004 and 2005. From the Company's incorporation in 1997, Lake has concentrated its early efforts in Pakistan and Sweden. In 2004, the Company wound down exploration in Sweden and shifted its focus to a promising new exploration play in Argentina, whilst continuing exploration in Pakistan. In late 2005, work in Argentina was terminated to concentrate on the company's more advanced copper and gold targets in Pakistan.

Further information regarding the Company and its projects is set out in the following documents, which can be found on the Company's website (<http://www.lakeresources.com.au>) or on the ASX announcements webpage (ASX Code:LKE):

- (a) Exploration Joint Venture Pakistan (as announced to ASX on 15 June 2015);
- (b) Acquisition of Lith NRG P/L and its Lithium applications in Argentina (as announced to ASX on 25 May 2016);
- (c) Quarterly Activities Report & Appendix 5B (as announced to ASX on 19 July 2016);
- (d) Quarterly Activities Report & Appendix 5B (as announced to ASX on 29 April 2016);
- (e) Quarterly Activities Report & Appendix 5B (as announced to ASX on 29 January 2016); and
- (f) 2016 Financial Report (as announced to ASX on 20 July 2016).
- (g) 2016 Annual Report to Shareholders (as announced to ASX on 29 July 2016).

### **3.8 Advantages of the Lith NRG Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) the Lithium Triangle Project represents a significant opportunity for the Company (see Section 3.3 for further details regarding the Lithium Triangle Project);
- (b) the Lith NRG Acquisition may improve share value for Shareholders;
- (c) the Lith NRG Acquisition presents a significant opportunity for the Company to increase its activities which should increase the number and size of the investor pool that may invest in the Company and provide greater market liquidity;
- (d) after completion of the Lith NRG Acquisition, the Company is likely to have improved access to the funding required to continue the exploration and possible future development of the Lithium Triangle Project;
- (e) the Lith NRG Acquisition presents an opportunity for the Company to diversify into different exploration locations and different commodities which will allow the Company to spread its potential commodity risk; and
- (f) after completion of the Lith NRG Acquisition, the new Board and executive management will have significant and complimentary resources experience.

### **3.9 Disadvantages of the Lith NRG Acquisition**

The Directors note that there are a number of risks associated with the acquisition of Lith NRG including the failure to discover economically recoverable reserves, uncertainty of obtaining access to adequate capital for project development and general operational risks.

Based on the information available, a non-exhaustive list of the disadvantages/risk factors are set out below:



(a) **Potential disadvantages of the Lith NRG Acquisition**

Potential disadvantages of the Lith NRG Acquisition include:

- (i) the Lith NRG Acquisition, if completed, will result in the issue of up to approximately 127,000,000 Shares and 50,000,000 Options (excluding Shares issued under the Capital Raising and any Shares issued upon the exercise of Options). The issue of the Shares will have an immediate dilutionary effect on the ownership of existing Shareholders, being approximately 232%. The issue of the Options will also have a dilutionary effect on existing Shareholders' interests if and when they are exercised;
- (ii) the Company will be expanding its activities to include exploration for lithium;
- (iii) there are various risk factors associated with the conduct of mining exploration in Argentina, many of which are common with the conduct of mining exploration generally. Please refer to Section 3.8 (b) for an outline of the most significant of these risk factors; and
- (iv) There is no guarantee that the exploration and development proposed to be conducted following the completion of the Lith NRG Acquisition at the Lithium Triangle Project will result in any beneficial economic outcome.

(b) **Potential risks**

There are a number of risks associated with the Company's activities and the development, operation and expansion of the Company's projects following a successful acquisition of Lith NRG and the Lithium Triangle Project which may impact on the Company's future performance. In addition, there are various risks inherent in the conduct of any mining exploration activities generally. Shareholders should give careful consideration to each of the risks. The risks below identify some of the key risks specific to an investment in the Company; however, these risks should not be taken as an exhaustive list of all risks which the Company could be subject to.

(i) **Exploration and mining activities**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate leases, licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There is no assurance that such grant of licences and renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with them. In particular, there are risks that any one or more of exploration licence applications in Jujuy Province and Catamarca Province will not result in the grant of a legal or beneficial interest in those applications. In the legal section (*Juzgado de Minas*) of the mines department of Jujuy Province, in May 2016, a decision was made to hold a moratorium for up to 180 days to ensure all mining properties and applications were in good standing, which may affect the timing of granting.

All of the tenement applications listed in Schedule 4 are applications for mining leases (“minas”). The steps to granting of exploration over the tenement applications are expected to include, among others, formal notation in the cartographic section which may adjust boundaries and areas, applications and approvals of exploration related environmental impact statements, discussions with local communities and consideration by the legal section and administrative section of the mines departments. These steps would reasonably be expected to lead to approval for non-invasive exploration, including surface sampling and ground based geophysics, followed by a similar process of applications and approvals for drill testing which would be anticipated to take 12 to 24 months, if there are no substantive issues of potential conflict.

(ii) **Future capital requirements**

The Company’s ongoing activities may require substantial financing in the future for its business activities. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company’s operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company’s activities and could affect the Company’s ability to continue as a going concern.

(iii) **Exploration risks**

Mining exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities, including consent from local communities and environmental consents.

All of the tenement applications listed in Schedule 4 are applications for mining leases (“minas”). The steps to granting of exploration over the tenement applications are expected to include, among others, formal notation in the cartographic section which may adjust boundaries and areas, applications and approvals of exploration related environmental impact statements, discussions with local communities and consideration by the legal section and administrative section of the mines departments. These steps would reasonably be expected to lead to approval for non-invasive exploration, including surface sampling and ground based geophysics, followed by a similar process of applications and approvals for drill testing which would be anticipated to take 12 to 24 months, if there are no substantive issues of potential conflict.

Exploration on the Company's tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of exploration tenements. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(iv) **Due Diligence**

Prior to the date of the Meeting, the Company undertook due diligence on information provided by Lith NRG. Such investigation was carried out in a relatively short time frame of approximately four weeks.

If the Resolutions are passed, after implementation of the Lith NRG Acquisition, the Company will be subject to any unknown liabilities of Lith NRG which may have an adverse impact on the Company's performance and financial position. Certain Lith NRG shareholders have provided customary warranties in relation to the unaudited accounts of Lith NRG (for the financial year ended 30 June 2016) to the Company for a minimum of \$50,000 up to a maximum limit of \$200,000 for a period of 9 months.

Additionally, there is a risk the information may have changed due to changes in the economy.

(v) **Economic risks**

Factors such as inflation, exchange rate or currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market conditions. Argentina has a history of sudden political changes which affect investment policies and attitudes to foreign investment, including rapid changes to inflation, foreign currency exchange rates, import/export controls and the ability to freely move capital in and out of the country. The Company's exploration, development, construction and operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

(vi) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or assets or enter into option to purchase agreements over assets and/or companies. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions.

(vii) **Market conditions**

Share market conditions may affect the value of the Company's Shares regardless of the Company's performance. Share market conditions are

affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, demands for commodities and commodity prices, shipping costs, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

(viii) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and strategic management of the Company depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(ix) **Investment speculative**

The above list of risk factors ought not be taken as exhaustive of the risks faced by the Company or by Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's securities.

**3.10 Directors voting intentions**

Each Director, in their capacity as Shareholders (where applicable), intends to vote in favour of Resolution 3.

The Directors have the following direct and indirect interests in Securities of the Company and in the Vendors as at the date of this Notice, as follows:

<b>Director</b>	<b>Company Shares</b>	<b>Lith NRG Securities</b>
Peter J. Gilchrist	Nil	Nil
Ross Johnston	Nil	Nil
James G. Clavarino	3,661,400	Nil

Messrs Gilchrist and Johnston have an interest in 13,190,758 shares held by 202 Ltd, and 5,122,560 shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, entities of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist has an interest, through a close family member, in 3,360,730 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 4,000,000 shares in the company.

Mr Clavarino is a Director and shareholder of Lake Gold Pty Ltd, a company which holds 400,000 shares in the company.

**3.11 Consequences if Resolution 3 is not approved**

In the event Resolution 3 is not approved by Shareholders at the Meeting:

- (a) the Lith NRG Acquisition will not proceed;

- (b) if the Lith NRG Acquisition does not proceed, the Company will not be able to conduct the Placement (Resolution 5) and the planned Capital Raising under Resolution 7 and will not raise funds from the placements;
- (c) the market price for Shares traded on ASX may decline substantially - at the date of the Company's announcement of the Lith NRG Acquisition on 25 May 2016, Shares traded on ASX at \$0.011; since 25 May 2016, Shares have traded on ASX at prices in the range of \$0.025 to \$0.068;
- (d) the Company will need to cover the expenses incurred in negotiating the Lith NRG Acquisition, which may adversely impact on the Company's future; and
- (e) the Board will continue to review the Company's projects and other potential new project acquisitions with the financial resources available after payment of expenses in relation to the Lith NRG Acquisition.

### **3.12 Financial information about the Company**

#### **Pro-forma balance sheet**

Set out in this section for the purposes of illustration only, is a balance sheet of the Company as at 30 June 2016 and a pro-forma balance sheet of the Company and Lith NRG as at 30 June 2016 (based on the assumptions below):

#### **Notes to the pro-forma balance sheet**

Pro-forma balance sheet has been prepared as if the transaction had occurred on 30 June 2016, based on the accounts as at 30 June 2016, using audited financials for Lake Resources NL and unaudited financials from Lith NRG Pty Ltd which are subject to change when the financial reports are completed.

Consideration paid for Lith NRG Pty Ltd is based on the following assumptions, which include the shares and performance rights issued at the closing LKE share price on 24 May 2016, the day prior to the announcement of the transaction on 25 May 2016. The value of the options has been calculated using a Black-Scholes model with the LKE closing share price at 30 June 2016, with commonly used assumptions on volatility and likelihood of occurrence.

The following assumptions were used in the valuation of the options:

Exercise price : \$0.05

Share price at 30 June 2016 : \$0.04

Volatility : 40%

Expiry : 1.5 years

Probability of vesting : - Immediately (Class A)  
 - 75% (Class B)  
 - 50% (Class C)  
 - 50% (Class D)

The pro-forma Group after Offers assumes the completion of the Placement (Resolution 5) of \$500,000 and a minimum amount of \$2,000,000 raised from the Capital Raising (Resolution 7) after assumed capital raising costs (section 3.12), the drawdown of the undrawn loans of \$50,000, less the assumed value of the Shares issued under Resolution 11 using the LKE closing share price at 30 June 2016.

**PROFORMA BALANCE SHEET**  
 As At 30 June 2016

	Acquisition entries					
	Lith NRG	Lake Resources N.L.	Consideration paid for Lith NRG	Eliminate Pre-Acq Reserve and Recognition of Goodwill / FV to Exploration Asset	Pro-forma Group after Transaction	Pro-forma after Offers (Min \$2.5m)
<b>Assets</b>						
	\$	\$	\$	\$	\$	\$
<b>Bank</b>						
Cash and cash equivalent	223,635	74,210			297,845	2,722,845
<b>Total Bank</b>	<b>223,635</b>	<b>74,210</b>			<b>297,845</b>	<b>2,722,845</b>
<b>Current Assets</b>						
Prepayment		1,070			1,070	1,070
GST Paid	8,439				8,439	8,439
	<b>8,439</b>	<b>1,070</b>			<b>1,070</b>	<b>1,070</b>
<b>Non-current Assets</b>						
Exploration and evaluation assets	505,824				505,824	505,824
Investment accounted for using the equity method		35			35	35
Loans not drawn	50,000				50,000	-
Shares - Lith NRG			1,380,001	-1,380,001	0	-
Shareholders contribution receivable	47,500				47,500	47,500
Goodwill				780,001	780,001	780,001
Corp Exp	24,087				24,087	24,087
<b>Total Non-current Assets</b>	<b>627,411</b>	<b>35</b>			<b>1,407,447</b>	<b>1,357,447</b>
<b>Total Assets</b>	<b>859,485</b>	<b>75,315</b>			<b>1,714,801</b>	<b>4,089,801</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts Payable	-59,485	-7,284			-66,769	-66,769
Borrowings					0	0
<b>Total Current Liabilities</b>	<b>-59,485</b>	<b>-7,284</b>			<b>-66,769</b>	<b>-66,769</b>
<b>Non-Current Liabilities</b>						
Loan	-200,000				-200,000	-200,000
					0	0
<b>Total Non-Current Liabilities</b>	<b>-200,000</b>	<b>0</b>			<b>-200,000</b>	<b>-200,000</b>
<b>Total Liabilities</b>	<b>-259,485</b>	<b>-7,284</b>			<b>-266,769</b>	<b>-266,769</b>
<b>Net Assets</b>	<b>600,000</b>	<b>68,031</b>			<b>1,448,032</b>	<b>3,823,032</b>
<b>Equity</b>						
Ordinary Shares	600,000	8,946,465	1,380,001	-600,000	10,326,466	12,781,466
Capital Profits Reserve		4,997			4,997	4,997
Option Premium Reserve					0	0
Retained Earnings		-8,883,431			-8,883,431	-8,963,431
<b>Total Equity</b>	<b>600,000</b>	<b>68,031</b>			<b>1,448,032</b>	<b>3,823,032</b>

### 3.13 Budgets and expenditure

An exploration and administration budget for the next 12 months for the Company is set out below. This budget is prepared on the basis that the Company will complete the Placement and the Capital Raising (see Section 11 for further details).

The table below is a summary of the expenditure budgets for the Company for the 12 months following the date of the Meeting. If the Capital Raising fails to complete within 3 months of the Meeting (or such longer time as ASX in its discretion may allow), or there are delays in accessing the tenements, the budget would be reduced to the amount raised from the Placement, plus the cash within Lith NRG and the Company at the time of completion of the Lith NRG Acquisition. These budgets are indicative only and are subject to possible change depending on the outcome of exploration results and other factors beyond the Company's control.

<b>Use of Funds</b> (12 months)	<b>Budget</b>
Sampling, mapping, drill targeting	\$150,000
Community discussions, environmental surveys, tenement fees	\$150,000
Geophysical surveys	\$300,000
Drilling Phase 1 with access tracks	\$680,000
Scoping Study	\$125,000
Capital Raising Fees	\$125,000
Repayment of Loan Facility	\$200,000
Corporate, Salaries, legal and administration	\$500,000
Exploration and working capital	\$270,000
<b>Total Cash Outflows</b>	<b>\$2,500,000</b>

### 3.14 Placement and Capital Raising

The Company intends to complete the Placement after the Meeting, by way of a placement to institutional and/or sophisticated investors (as defined in section 708(8) of the Corporations Act), issuing 25,000,000 Shares at an issue price of \$0.02 per share, raising \$500,000 (before costs). Approval is sought for the Placement under Resolution 5. The funds raised under the Placement will largely be used to fund the initial exploration programme envisioned under the Lith NRG Acquisition.

The Company also intends to complete the Capital Raising, being a capital raising of a minimum of \$2 million (before costs) at a future market price. The Shares will be issued under the Capital Raising no later than 3 months after the date of the Meeting. Approval is sought for the Capital Raising under Resolution 7.

Funds raised under the Capital Raising will be used to fund the Company's ongoing exploration programme. Subject to completing the Capital Raising, the Company anticipates that it will have sufficient funds to conduct its proposed exploration and development activities at least for the next 12 months without the need to conduct any further capital raising.

#### **4 Annual Report**

The Corporations Act requires the financial report, directors' report and auditor's report to be laid before the Meeting. There is no requirement for Shareholders to vote on, approve or adopt these reports. Shareholders will have a reasonable opportunity at the Meeting to ask questions about and make comments about these reports and the management and performance of the Company. Shareholders may also submit written questions on these matters to the Company.

The 2016 Annual Report can be found on the Company's website [www.lakeresources.com.au](http://www.lakeresources.com.au).

#### **5 Resolution 1 – Adoption of Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The Corporations Amendments (Improving Accountability on Director and Executive Remuneration) Act 2011 which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held within 90 days at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2015 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2017 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the chairman's intention, even though



the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

## **6 Resolution 2 – Re-election of Director – Mr James G. Clavarino**

In accordance with Listing Rule 14.4, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment, or three years, whichever is longer.

The Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

A Director who retires under the Constitution is eligible for re-election.

Resolution 2 therefore provides that Mr James G. Clavarino retires by rotation in accordance with the provisions of the constitution and offers himself for re-election.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

### **Directors' recommendation**

The Directors (other than Mr James G. Clavarino) unanimously recommend that Shareholders vote in favour of Resolution 2.

## **7 Resolution 3 – Approval of Lith NRG Acquisition**

### **7.1 General**

Resolution 3 seeks approval from Shareholders for the Lith NRG Acquisition.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of Resolutions 4 to 11 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 3.

A voting exclusion statement is included in the Notice.

### **7.2 Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must:

- (a) under Listing Rule 11.1, provide full details to ASX on the proposed change;
- (b) under Listing Rule 11.1.2, obtain Shareholder approval to undertake the change, if required by ASX; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX, if required by ASX.

The Company has received confirmation from ASX that Listing Rule 11.1.3 does not apply to the Lith NRG Acquisition. The Company has decided to obtain Shareholder approval for the Lith NRG Acquisition.

Refer to Section 3 for further information on Lith NRG and the likely affect that the Lith NRG Acquisition will have on the Company.

### **7.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

## **8 Resolution 4 – Approval of Consideration Securities**

### **8.1 General**

Resolution 4 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of the Consideration Securities to the Vendors in consideration for the acquisition of the Lith NRG Shares pursuant to the terms of the SPA.

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of Resolutions 3 and 5 to 11 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 4.

A voting exclusion statement is included in the Notice.

### **8.2 Listing Rule 7.1**

Subject to a number of exceptions, Listing Rule 7.1 limits the number of equity securities that a listed company may issue without shareholder approval in any 12-month period.

The Consideration Securities are equity securities for the purposes of Listing Rule 7.1.

The effect of Resolution will be to allow the Company to issue the Consideration Securities to the Vendors in consideration for the acquisition of the Lith NRG Shares pursuant to the terms of the SPA during the 3-month period after the Meeting, without using the Company's annual 15% placement capacity or the additional 10% placement facility.

Additionally, Exception 4 of Listing Rule 7.2 provides the 15% limit in Listing Rule 7.1 does not apply to an issue of securities on conversion of a convertible security issued in accordance with the Listing Rules. As the Performance Rights and Options are convertible securities, any Shares issued on the conversion of the Performance Rights or exercise of the Options will not count towards the Company's 15% limit.

- (a) The following information is provided in relation to the issue of Shares pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) The maximum number of Shares to be issued is 50,000,000;
  - (ii) The Shares will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Shares will be issued on one date;
  - (iii) The deemed issue price of the Shares is \$0.01 per Share;
  - (iv) The allottees of the Shares issued pursuant to Resolution 4 will be the Vendors in their Respective Percentages;
  - (v) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares; and

- (vi) The Company will not be raising funds from the issue of the Shares as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (b) The following information is provided in relation to the issue of Tranche 1 Performance Rights pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of Tranche 1 Performance Rights to be issued is 25,000,000;
  - (ii) the Tranche 1 Performance Rights will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Tranche 1 Performance Rights will be issued on one date;
  - (iii) the Tranche 1 Performance Rights will be issued for nil consideration;
  - (iv) the allottees of the Tranche 1 Performance Rights issued pursuant to Resolution 4 will be the Vendors in their Respective Percentages;
  - (v) the terms of the Tranche 1 Performance Rights are set out in Schedule 5. The vesting of Tranche 1 Performance rights is conditional upon completion of the Capital Raising within three months as in Resolution 7 and
  - (vi) the Company will not be raising funds from the issue of the Tranche 1 Performance Rights as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (c) The following information is provided in relation to the issue of Tranche 2 Performance Rights pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of Tranche 2 Performance Rights to be issued is 12,500,000;
  - (ii) the Tranche 2 Performance Rights will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Tranche 2 Performance Rights will be issued on one date;
  - (iii) the Tranche 2 Performance Rights will be issued for nil consideration;
  - (iv) the allottees of the Tranche 2 Performance Rights issued pursuant to Resolution 2 will be the Vendors in their Respective Percentages;
  - (v) the terms of the Tranche 2 Performance Rights are set out in Schedule 5. The vesting of the Tranche 2 Performance Rights is conditional upon such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit Non-invasive Exploration to be undertaken or occur at at least 50% (by number) of the Tenement Applications in Catamarca Province. This must occur within 5 years after the date of the Meeting. Although the Lith NRG expects these approval or consents to be granted within 18-24 months after the Meeting, there are factors beyond the control of Lith NRG (including regulatory and governmental factors) that may delay the granting of applications; and
  - (vi) the Company will not be raising funds from the issue of the Tranche 2 Performance Rights as they are being issued in consideration for the acquisition of the Lith NRG Shares.

- (d) The following information is provided in relation to the issue of Tranche 3 Performance Rights pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of Tranche 3 Performance Rights to be issued is 12,500,000;
  - (ii) the Tranche 3 Performance Rights will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Tranche 3 Performance Rights will be issued on one date;
  - (iii) the Tranche 3 Performance Rights will be issued for nil consideration;
  - (iv) the allottees of the Tranche 3 Performance Rights issued pursuant to Resolution 3 will be the Vendors in their Respective Percentages;
  - (v) the terms of the Tranche 3 Performance Rights are set out in Schedule 5. The vesting of the Tranche 3 Performance Rights is conditional upon such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit Non-invasive Exploration to be undertaken or occur at at least 50% (by number) of the Tenement Applications in Jujuy Province. This must occur within 5 years after the date of the Meeting. Although the Lith NRG expects these approval or consents to be granted within 18-24 months after the Meeting, there are factors beyond the control of Lith NRG (including regulatory and governmental factors) that may delay the granting of applications; and
  - (vi) the Company will not be raising funds from the issue of the Tranche 3 Performance Rights as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (e) The following information is provided in relation to the issue of A Class Options pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of A Class Options to be issued is 25,000,000;
  - (ii) the A Class Options will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the A Class Options will be issued on one date;
  - (iii) the A Class Options will be issued for nil consideration;
  - (iv) the allottees of the A Class Options issued pursuant to Resolution 4 will be the Vendors in the Respective Percentages;
  - (v) the terms of the A Class Options are set out in Schedule 2, which include a \$0.05 exercise price per Option and an 18-month expiry period; and
  - (vi) the Company will not be raising funds from the issue of the A Class Options as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (f) The following information is provided in relation to the issue of B Class Options pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of B Class Options to be issued is 12,500,000;

- (ii) the B Class Options will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the B Class Options will be issued on one date;
  - (iii) the B Class Options will be issued for nil consideration;
  - (iv) the allottees of the B Class Options issued pursuant to Resolution 4 will be the Vendors in the Respective Percentages;
  - (v) the terms of the B Class Options are set out in Schedule 2, which will include a \$0.05 per Option exercise price and, subject to the exercise condition, an 18-month expiry period; and
  - (vi) the Company will not be raising funds from the issue of the B Class Options as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (g) The following information is provided in relation to the issue of C Class Options pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of C Class Options to be issued is 6,250,000;
  - (ii) the C Class Options will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the C Class Options will be issued on one date;
  - (iii) the C Class Options will be issued for nil consideration;
  - (iv) the allottees of the C Class Options issued pursuant to Resolution 4 will be the Vendors in the Respective Percentages;
  - (v) the terms of the C Class Options are set out in Schedule 2, which will include an exercise price of \$0.05 per Option exercise price and, subject to the exercise condition, an 18-month expiry period; and
  - (vi) the Company will not be raising funds from the issue of the C Class Options as they are being issued in consideration for the acquisition of the Lith NRG Shares.
- (h) The following information is provided in relation to the issue of D Class Options pursuant to Resolution 4 in accordance with Listing Rule 7.3:
- (i) the maximum number of D Class Options to be issued is 6,250,000;
  - (ii) the D Class Options will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the D Class Options will be issued on one date;
  - (iii) the D Class Options will be issued for nil consideration;
  - (iv) the allottees of the D Class Options issued pursuant to Resolution 4 will be the Vendors in the Respective Percentages;
  - (v) the terms of the D Class Options are set out in Schedule 2, which will include an exercise price of \$0.05 per Option exercise price and, subject to the exercise condition, an 18-month expiry period; and

- (vi) the Company will not be raising funds from the issue of the D Class Options as they are being issued in consideration for the acquisition of the Lith NRG Shares.

### **8.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## **9 Resolution 5 – Approval to issue Shares – Placement**

Resolution 5 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of up to 25,000,000 Shares under a placement at a price of \$0.02 per Share, raising \$500,000.

Resolution 5 is an ordinary resolution. Resolution 5 is subject to the approval of Resolutions 3 to 4 and 6 to 11.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

A voting exclusion statement is included in the Notice.

### **9.1 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 5 above.

The effect of Resolution 5 will be to allow the Company to issue Shares pursuant to the placement during the 3-month period after the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules), without using the Company's annual 15% placement capacity.

- (a) The following information is provided in relation to the issue of Shares pursuant to Resolution 5 in accordance with Listing Rule 7.3:
  - (i) the maximum number of Shares to be issued is 25,000,000;
  - (ii) the Shares will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Shares will be issued on one date;
  - (iii) the issue price of the Shares will be \$0.02 per Share;
  - (iv) the Shares will be allotted and issued under the placement to professional and/or sophisticated investors who satisfy the definition under section 708(8) of the Corporations Act. The Company confirms that the placement will be structured to ensure that no single investor, together with its associates, acquires voting power in excess of 20% in the Company (on a fully diluted basis);
  - (v) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares; and
  - (vi) the Company will use the funds being raised under the placement for exploration costs, acquisition costs, corporate costs and working capital.

## 9.2 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

## 10 Resolution 6 – Approval of 10% Placement Facility

### 10.1 General

Listing rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placement over 12-month period after the AGM (**10% Placement Facility**).

The 10% Placement Facility is in addition to the Company's 15% placement facility under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer Section 10.2(c) below).

The Company may use the 10% Placement Facility to progress the Lithium Triangle Project and for general working capital. The Directors of the Company believe that Item 10 is in the best interest of the Company and unanimously recommend that Shareholders vote in favour of Item 10.

### 10.2 Description of Listing Rule 7.1A

#### (a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an AGM. A special resolution requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### (b) Equity Securities

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities in the Company. The Company, as at the date of the Notice, has two classes of Equity Securities on issue, Shares and Unlisted Options.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1.A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12-month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

#### **(A X D)-E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid shares issued in the 12 months under exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully in the 12 months;
- plus the number of fully paid shares issued in the 12 months with the approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval; and
- less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4

(d) ASX Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to an entity's placement capacity under Listing Rule 7.1. At the date of this Notice, and subject to the approval of Resolution 5, 3 to 11 the Company would have on issue 172,876,034 Shares (excluding Shares issued under the Capital Raising or Shares issued on the exercise of Options) and therefore has a capacity to issue:

- (i) 25,931,405 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to Shareholder approval being sought under Item 8: 17,287,603 (includes 10% of current placement on offer and the Lith NRG Acquisition) Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in the Listing Rule 7.1A.2 (refer Section 10.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period



Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date which is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by the Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### **10.3 Listing Rule 7.1A**

The effect of Item 10 will be to allow Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1. Item 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **10.4 Specific Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Item 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in case of Options, only if they are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or Equity Securities are issued as part of the consideration for the acquisition of new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The below table shows dilution of existing Shareholders on the basis of the issue price of \$0.05 per Share and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A (2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issue of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placement under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50%, and increased by 100% as against the assumed current market price,

both on the basis the Lith NRG Acquisition completes and does not complete.

Assuming Resolutions 3 to 11 are approved and the Lith NRG Acquisition completes (but not taking into account any Shares issued under the Capital Raising or any Shares issued on the exercise of Options):

Variable ‘A’ Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price \$0.025	Issue Price \$0.05	100% Increase in Issue Price \$0.10
Current Variable A 172,876,034	10% Voting Dilution	17,287,603	17,287,603	17,287,603
	Funds Raised	\$432,190	\$864,380	\$1,728,760
50% Increase in Current Variable A 259,314,051	10% Voting Dilution	25,931,405	25,931,405	25,931,405
	Funds Raised	\$648,285	\$1,296,570	\$2,593,140
100% Increase in Current Variable A 345,752,068	10% Voting Dilution	34,575,207	34,575,207	34,575,207
	Funds Raised	\$864,380	\$1,728,760	\$3,457,207

Assuming Resolutions 3 to 11 are not approved and the Lith NRG Acquisitions does not complete:

Variable 'A' Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price \$0.025	Issue Price \$0.05	100% Increase in Issue Price \$0.10
Current Variable A 95,876,034	10% Voting Dilution	9,587,603	9,587,603	9,587,603
	Funds Raised	\$239,690	\$479,380	\$958,760
50% Increase in Current Variable A 143,814,051	10% Voting Dilution	14,381,405	14,381,405	14,381,405
	Funds Raised	\$359,535	\$719,070	\$1,438,141
100% Increase in Current Variable A 191,752,062	10% Voting Dilution	19,175,206	19,175,206	19,175,206
	Funds Raised	\$479,380	\$958,760	\$1,917,520

The table has been prepared on the following assumptions although the issue price will be at a future market related price:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility
  - (ii) No listed Options (including any listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placement under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The assumed issue price for this calculation is \$0.05, being a price within the share price trading range since the announcement on 25 May 2016, although the issue price will be at a future market related price.
- (d) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Item 10 for the issue of Equity Securities

will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change in nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

- (e) The Company may seek an issue of the Equity Securities for the following purposes:
  - (i) Non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards continued exploration expenditure and/or general working capital.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (h) Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be vendors of the new resources assets or investments.
- (i) The Company has not previously received Shareholder approval for a 10% Placement Facility.

#### **10.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

#### **11 Resolution 7 – Approval for further issue of Shares – Capital Raising**

Resolution 7 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of up to 40,000,000 of Shares under a placement. The minimum amount to be raised will be \$2,000,000.

Resolution 7 is an ordinary resolution. Resolution 7 is subject to the approval of Resolutions 3 to 6 and 8 to 11 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 7.

A voting exclusion statement is included in the Notice.

### **11.1 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 5 above.

The effect of Resolution 7 will be to allow the Company to issue Shares pursuant to the placement during the 3-month period after the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules), without using the Company's annual 15% placement capacity.

### **11.2 Technical information required by Listing Rule 7.3**

The following information is provided in relation to the issue of Shares pursuant to Resolution 7 in accordance with Listing Rule 7.3:

- (a) the maximum number of Shares to be issued under the placement will be 40,000,000 Shares, where the minimum issue price per Share will be at least 80% of the average market price of Shares trading on ASX over the last 5 Business Days on which sales were recorded before the day on which the issue is to be made in accordance with Listing Rule 7.3.3;
- (b) the Shares will be allotted and issued no later than 3 months after the date of the Meeting (or such other date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended the Shares will be issued on one date;
- (c) the Shares will be allotted and issued under the placement to professional and/or sophisticated investors who satisfy the definition under section 708(8) of the Corporations Act. The Company confirms that the placement will be structured to ensure that no single investor, together with its associates, acquires voting power in excess of 20% in the Company (on a fully diluted basis);
- (d) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Company will use the funds being raised under the placement to fund the Company's ongoing exploration programme and working capital.

### **11.3 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

## **12 Resolution 8 – Approval of Long Term Incentive (LTI) Plan**

### **12.1 General**

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 7.2, Exception 9, for the establishment of the LTI Plan.

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the approval of Resolutions 3 to 7 and 9 to 11 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 8.

A voting exclusion statement is included in the Notice.

## **12.2 LTI Plan**

Whilst the Directors (or their nominees) are eligible to participate in the LTI Plan, Listing Rule 10.14 requires that shareholder approval is required for the acquisition of securities by Directors of securities pursuant to an employee incentive scheme. As Mr Promnitz and Mr Crow will be appointed as Directors upon completion of the Lith NRG Acquisition, Shareholder approval in accordance with Listing Rule 10.14 is sought under Resolutions 9 and 10 for the issue of Performance Rights to the proposed Directors.

The Company will allocate 8.5 million Performance Rights for Directors under the terms and conditions in Resolution 9 and 10 and in Schedule 3. Subject to the limits under the LTI Plan, the Company will allocate a further 5.5 million Performance Rights for employees, contractors and advisors to the Company.

The main purpose of the LTI Plan is to give an incentive and benefit to the eligible participants (or their nominees) to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees Shareholders and for the Company to reward eligible employees for their efforts. The LTI Plan contemplates the issue to eligible employees of Performance Rights which may have milestones.

Listing Rule 7.1 places restrictions on the number of equity securities, including Performance Rights, which a listed company may issue in any 12 months without shareholder approval. However, Listing Rule 7.1 does not apply to the issue of equity securities under an employee incentive scheme such as the LTI Plan, where Shareholders have approved the issue of securities under the scheme in the last 3 years and where the notice of meeting contained or was accompanied by certain prescribed information.

In order to take advantage of the exception from Listing Rule 7.1 and allow the Company flexibility to issues securities, Shareholders are requested to approve the LTI Plan as an exception from Listing Rule 7.1.

The approval will be effective for a period of 3 years from the date of approval by Shareholders.

## **12.3 Specific information required by Listing Rule 7.2**

In accordance with Listing Rule 7.2, Exception 9, the following information is provided:

- (a) the terms of the LTI Plan (including the maximum number of Shares that may be issued under the LTI Plan) are contained in Schedule 3; and
- (b) this is the first approval sought under Listing Rule 7.2, Exception 9, in relation to the LTI Plan. Accordingly, no securities have been issued under the LTI Plan.

## **13 Resolution 9 - Approval to grant Performance Rights to the Company's proposed Managing Director, Stephen Promnitz**

### **13.1 General**

Listing Rule 10.14 provides that Shareholder approval is required for the issue of Performance Rights to a Director under the LTI Plan. It is intended that Mr Steve Promnitz will be a Director and will receive Performance Rights under the LTI Plan.

The Performance Rights are equity securities. Accordingly, Shareholder approval is sought in Resolution 9.

Resolution 9 is an ordinary resolution. Resolution 9 is subject to the approval of Resolutions 3 to 8 and 10 and 11 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 9.

A voting exclusion statement is included in the Notice.

### **13.2 Chapter 2E of the Corporations Act**

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party (such as a director) unless an exception applies or shareholders approve the giving of that financial benefit to the related party.

Mr Promnitz has been nominated by the Company to act as Managing Director after completion of the Lith NRG Acquisition, and is accordingly a related party of the Company under section 228(6) of the Corporations Act. The grant of the Performance Rights to Mr Promnitz constitutes the giving of a financial benefit as defined in the Corporations Act. Accordingly, the proposed grant of Performance Rights to Mr Promnitz will constitute the provision of a financial benefit to a related party of the Company.

However, it is the view of the Directors that the exception under section 211(1) of the Corporations Act (reasonable remuneration and reimbursement) applies to the proposed grant of the Performance Rights to Mr Promnitz. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act.

### **13.3 Listing Rule 10.14**

In accordance with Listing Rule 10.14, the Company, must not issue equity securities to a Director under an employee incentive scheme unless it obtains shareholder approval.

The effect of passing Resolution 9 will be to allow the Company to issue up to 7.5 million Performance Rights to Mr Promnitz (or his nominee).

### **13.4 Specific information required by Listing Rule 10.15**

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.14:

- (a) the Performance Rights will be issued to Mr Promnitz (or his nominee);
- (b) the maximum number of Performance Rights to be issued under Resolution 9 is 7.5 million;
- (c) the terms and conditions of the Performance Rights are set out in Schedule 3;
- (d) the Performance Rights will vest in three tranches linked to the performance criteria set out in Schedule 3, and summarised as follows:
  - (i) a third vest when initial exploration can commence, triggered by the commencement of the first ground based geophysical survey over a minimum of 10 of the Tenement Applications in Schedule 4; and

- (ii) a third vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the Tenement Applications in Schedule 4; and
  - (iii) a third vest when the Company's Market Capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over a 20 day trading period multiplied by the number of shares on issue at the time (for example \$0.10 per share VWAP over 20 days multiplied by 222,876,034 shares assumed to be issued at the completion of the Lith NRG Acquisition).
- (e) each Performance Right will have an issue price of zero;
  - (f) other than Resolutions 8 and 10, this is the first approval sought under Listing Rule 10.14 with respect to the LTI Plan. Accordingly, no securities have been issued to persons referred to in Listing Rule 10.14 under the LTI Plan;
  - (g) as at the date of the Meeting, the only Director entitled to participate in the LTI Plan is Mr Peter Gilchrist, although Mr Gilchrist has declined an invitation to participate in the LTI Plan;
  - (h) the Company has not agreed to grant any loan to Mr Promnitz in relation to the issue of the Performance Rights; and
  - (i) the Company will issue the Performance Rights no later than 12 months after the date of the Meeting (or such longer time as ASX may in its discretion allow)

### **13.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

## **14 Resolution 10- Approval to grant Performance Rights to the Company's proposed Director, Stuart Crow**

### **14.1 General**

Listing Rule 10.14 provides that Shareholder approval is required for the issue of Performance Rights to a Director under the LTI Plan. It is intended that Mr Stuart Crow will be a Director and will receive Performance Rights under the LTI Plan.

The Performance Rights are equity securities. Accordingly, Shareholder approval is sought in Resolution 10.

Resolution 10 is an ordinary resolution. Resolution 10 is subject to the approval of Resolutions 3 to 9 and 11.

The Chairman intends to exercise all available proxies in favour of Resolution 10.

A voting exclusion statement is included in the Notice.

### **14.2 Chapter 2E of the Corporations Act**

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party (such as a director) unless an exception applies or shareholders approve the giving of that financial benefit to the related party.



Mr Crow has been nominated by the Company to act as Director after completion of the Lith NRG Acquisition, and is accordingly a related party of the Company under section 228(6) of the Corporations Act. The grant of the Performance Rights to Mr Crow constitutes the giving of a financial benefit as defined in the Corporations Act. Accordingly, the proposed grant of Performance Rights to Mr Crow will constitute the provision of a financial benefit to a related party of the Company.

However, it is the view of the Directors that the exception under section 211(1) of the Corporations Act (reasonable remuneration and reimbursement) applies to the proposed grant of the Performance Rights to Mr Crow. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act.

#### **14.3 Listing Rule 10.14**

In accordance with Listing Rule 10.14, the Company, must not issue equity securities to a Director under an employee incentive scheme unless it obtains shareholder approval.

The effect of passing Resolution 10 will be to allow the Company to issue up to 1 million Performance Rights to Mr Crow (or his nominee).

#### **14.4 Specific information required by Listing Rule 10.15**

Listing Rule 10.15 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.14:

- (a) The Performance Rights will be issued to Mr Crow (or his nominee);
- (b) The maximum number of Performance Rights to be issued under Resolution 11 is 1 million;
- (c) The terms and conditions of the Performance Rights are set out in Schedule 3;
- (d) the Performance Rights will vest in a single tranche linked to the performance criteria set out in Schedule 3 and summarised as follows:
  - (i) vest when the Company's Market Capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over a 20 day trading period multiplied by the number of shares on issue at the time (for example \$0.10 per share VWAP over 20 days multiplied by 222,876,034 shares assumed to be issued at the completion of the Lith NRG Acquisition).
- (e) Each Performance Right will have an issue price of zero;
- (f) Other than Resolutions 8 and 9, this is the first approval sought under Listing Rule 10.14 with respect to the LTI Plan. Accordingly, no securities have been issued to persons referred to in Listing Rule 10.14 under the LTI Plan;
- (g) as at the date of the Meeting, the only Director entitled to participate in the LTI Plan is Mr Peter Gilchrist, although Mr Gilchrist has declined to participate in the LTI Plan;
- (h) The Company has not agreed to grant any loan to Mr Crow in relation to the issue of the Performance Rights; and

- (i) The Company will issue the Performance Rights no later than 12 months after the date of the Meeting (or such longer time as ASX may in its discretion allow)

#### **14.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

### **15 Resolution 11 – Approval to issue Shares to Lith NRG Pty Ltd loan providers**

#### **15.1 General**

Resolution 11 seeks Shareholder approval, pursuant to Listing Rule 7.1, for the issue of 2,000,000 Shares to the loan providers of Lith NRG Pty Ltd, Lambrecht Investment Trust and Willaton Properties Pty Ltd, in consideration for the interest payments on the \$200,000 loan to Lith NRG Pty Ltd for the purposes of application fees and general working capital.

A summary of Listing Rule 7.1 is set out in Section 5 above.

The effect of Resolution 11 will be to allow the Company to issue 2,000,000 Shares to Lambrecht Investment Trust and Willaton Properties Pty Ltd, without using the Company's annual 15% placement capacity.

Resolution 11 is an ordinary resolution. Resolution 11 is subject to the approval of Resolutions 3 to 10 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolution 11.

A voting exclusion statement is included in the Notice.

The following information is provided in relation to the issue of Shares pursuant to Resolution 11 in accordance with Listing Rule 7.3:

- (a) The maximum number of Shares to be issued is 2,000,000;
- (b) The Shares will be allotted and issued no later than 3 months after the date of the Meeting. It is intended the Shares will be issued on one date;
- (c) The deemed issue price of the Shares is \$0.02 per Share;
- (d) The allottees of the Shares issued pursuant to Resolution 2 will be the Lambrecht Investment Trust (for a 75% proportion of the Shares) and Willaton Properties Pty Ltd (for a 25% proportion of the Shares);
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares; and
- (f) The Company will not be raising funds from the issue of the Shares as they are being issued in connection with the acquisition of the Lith NRG Shares.

#### **15.2 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

## Schedule 1                      Glossary

Capitalised words or expressions in the Notice or the Explanatory Statement have the following meanings:

**A Class Options** means options over Shares having the terms set out in Schedule 2.

**B Class Options** means options over Shares having the terms set out in Schedule 2.

**C Class Options** means options over Shares having the terms set out in Schedule 2.

**D Class Options** means options over Shares having the terms set out in Schedule 2.

**10% Placement Facility** means the facility under Listing Rule 7.1A to allow the Company to issue Equity Securities up to 10% of its issued share capital through placement over 12-month period after the AGM.

**ASX** means the ASX Limited (ACN 008 624 691).

**Capital Raising** means the proposal to raise funds by the issue of Shares as contemplated by Resolution 7.

**Company** means Lake Resources N.L. (ABN 49 079 471 980).

**Consideration Securities** has the meaning given in Resolution 4.

**Explanatory Statement** means the Explanatory Statement attached to the Notice.

**Listing Rules** means the Listing Rules of the ASX.

**Lith NRG** means Lith NRG Pty Limited (ABN 21 610 126 620).

**Lith NRG Acquisition** means the acquisition of the Lith NRG Shares on the terms set out in the SPA.

**Lith NRG Shares** means 12,000,000 ordinary shares issued in the capital of Lith NRG.

**LTI Plan** means the Long Term Incentive Plan attached as Schedule 3.

**Meeting** means the annual general meeting of the Company convened to consider the Resolutions.

**Non-invasive Exploration** means exploration activities which include surface sampling, auger sampling and ground based geophysics and does not include drilling.

**Notice** means the Notice of Meeting setting out the Resolutions.

**Placement** means the placement contemplated by Resolution 5.

**Resolutions** means the resolutions contained in the Notice.

**Respective Percentages** means, in respect of each Vendor, the respective percentage of that Vendor shown in Schedule 6.

**Shareholder** means a registered holder of Shares.

**Shares** means ordinary shares in the Company.

**SPA** means the share purchase agreement under which the Company has agreed to acquire the Lith NRG Shares from the Vendors.

**Tenement Applications** means the mining lease applications (“minas”) as set out in Schedule 4.

**Tranche 1 Performance Rights** means the Performance Rights having the terms set out in Schedule 5.

**Tranche 2 Performance Rights** means the Performance Rights having the terms set out in Schedule 5.

**Tranche 3 Performance Rights** means the Performance Rights having the terms set out in Schedule 5.

**Vendors** means the parties identified as vendors in Schedule 6.

## Schedule 2

## Options

### 1 A Class Options

- (a) The A Class Options vest immediately upon issue.
  - (b) The A Class Options are exercisable at any time prior to 5.00pm (AEST) on the date which is 18 months after the date of the Meeting (**Expiry Date**). Any A Class Option not exercised will automatically lapse on the Expiry Date.
  - (c) Subject to these terms and conditions, each A Class Option gives the holder the right to subscribe for one Share.
  - (d) The exercise price for each A Class Option is \$0.05 per A Class Option (**Exercise Price**).
  - (e) Application will not be made to ASX for quotation of the A Class Options.
  - (f) A holder of A Class Options may exercise the options (in full or in part) by lodging with the Company:
    - (i) a written notice of exercise of A Class Options specifying the number of A Class Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the A Class Options being exercised,
- (Exercise Notice).**
- (g) The exercise of only a portion of the A Class Options will not prevent the holder's right to exercise the remainder.
  - (h) The A Class Options are not transferrable except with the consent of the Board (not to be unreasonably withheld or delayed) or by for of law upon the holder's death.
  - (i) An Exercise Notice is only effective when the Company has received the Exercise Price in cleared funds.
  - (j) Within 3 Business Days of receipt of an Exercise Notice and the Exercise Price (in cleared funds), the Company must issue the number of Shares required under these terms in respect of the number of A Class Options specified in the Exercise Notice.
  - (k) Shares issued on the exercise of the A Class Options will be issued on the same terms as other Shares, and be free of encumbrances and other third party rights or interests.
  - (l) The Company will procure that a new holding statement is issued for any Shares issued upon the exercise of A Class Options.
  - (m) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on exercise of the A Class Options are quoted by ASX and to procure that such quotation is maintained.
  - (n) The A Class Options will not:

- (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (o) Subject to the Listing Rules, the A Class Options carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other options to any person. The Company will ensure that, for the purposes of determining entitlements to any issue, an option holder will be notified of a proposed issue after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in such issues.
  - (p) If from time to time on or prior to the Expiry Date the Company makes a bonus issue to members (**Bonus Issue**), then upon exercise of his or her options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to be issued upon such exercise) the number of Shares which would have been issued to him or her under that Bonus Issue if the options had been exercised before the record date for the Bonus Issue.
  - (q) In the event of pro-rata issue of securities (except a Bonus Issue) the exercise price of the options will be adjusted in accordance with ASX Listing Rule 6.22.2.
  - (r) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the A Class Options will be reconstructed (as appropriate) in accordance with the Listing Rules.
  - (s) An A Class Option does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

## 2 B Class Options

- (a) The B Class Options vest immediately upon satisfaction of the Condition for B Class Options (see paragraph (c) below).
- (b) The B Class Options are, subject to satisfaction of the Condition, exercisable at any time prior to 5.00pm (AEST) on the date which is 18 months after the date of the Satisfaction of the Condition for B Class Options (**Expiry Date**). Any B Class Option not exercised will automatically lapse on the Expiry Date.
- (c) Conversion of the B Class Options, and the issue of any Shares upon such exercise, is subject to and conditional on the Capital Raising being implemented and completed in accordance with the terms set out in Section 11 of the Explanatory Statement (**Condition**). The Company must use all reasonable endeavours to ensure the Condition is satisfied.
- (d) Subject to these terms and conditions, each B Class Option gives the holder the right to subscribe for one Share.
- (e) The exercise price for each B Class Option is \$0.05 per B Class Option (**Exercise Price**).

- (f) Application will not be made to ASX for quotation of the B Class Options.
- (g) Subject to paragraph (c) above, a holder of B Class Options may exercise the options (in full or in part) by lodging with the Company:
  - (i) a written notice of exercise of B Class Options specifying the number of B Class Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the B Class Options being exercised,

**(Exercise Notice).**

- (h) The exercise of only a portion of the B Class Options will not prevent the holder's right to exercise the remainder.
- (i) The B Class Options are not transferrable except with the consent of the Board (not to be unreasonably withheld or delayed) or by force of law upon the holder's death.
- (j) An Exercise Notice is only effective when the Company has received the Exercise Price in cleared funds.
- (k) Within 3 Business Days of receipt of an Exercise Notice and the Exercise Price (in cleared funds), the Company must issue the number of Shares required under these terms in respect of the number of B Class Options specified in the Exercise Notice.
- (l) Shares issued on the exercise of the B Class Options will be issued on the same terms as other Shares, and be free of encumbrances and other third party rights or interests.
- (m) The Company will procure that a new holding statement is issued for any Shares issued upon the exercise of B Class Options.
- (n) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on exercise of the B Class Options are quoted by ASX and to procure that such quotation is maintained.
- (o) The B Class Options will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (p) Subject to the Listing Rules, the B Class Options carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other options to any person. The Company will ensure that, for the purposes of determining entitlements to any issue, an option holder will be notified of a proposed issue after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in such issues.
- (q) If from time to time on or prior to the Expiry Date the Company makes a bonus issue to members (**Bonus Issue**), then upon exercise of his or her options a

holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to be issued upon such exercise) the number of Shares which would have been issued to him or her under that Bonus Issue if the options had been exercised before the record date for the Bonus Issue.

- (r) In the event of pro-rata issue of securities (except a Bonus Issue) the exercise price of the options will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (s) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the B Class Options will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (t) A B Class Option does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

### **3 C Class Options**

- (a) The C Class Options vest immediately upon satisfaction of the Condition for C Class Options (see paragraph (c) below).
  - (b) The C Class Options are, subject to satisfaction of the Condition, exercisable at any time prior to 5.00pm (AEST) on the date which is 18 months after the date of the satisfaction of the Condition for C Class Options (**Expiry Date**). Any C Class Option not exercised will automatically lapse on the Expiry Date.
  - (c) Conversion of the C Class Options, and the issue of any Shares upon such exercise, is subject to and conditional on such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit non-invasive exploration be undertaken or occur at at least 50% (by number) of the Tenement Applications in Catamarca Province (**Condition**). The Company must use all reasonable endeavours to ensure the Condition is satisfied.
  - (d) Subject to these terms and conditions, each C Class Option gives the holder the right to subscribe for one Share.
  - (e) The exercise price for each C Class Option is \$0.05 per C Class Option (**Exercise Price**).
  - (f) Application will not be made to ASX for quotation of the C Class Options.
  - (g) Subject to paragraph (c) above, a holder of C Class Options may exercise the options (in full or in part) by lodging with the Company:
    - (i) a written notice of exercise of C Class Options specifying the number of C Class Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the C Class Options being exercised,
- (Exercise Notice).**
- (h) The exercise of only a portion of the C Class Options will not prevent the holder's right to exercise the remainder.



- (i) The C Class Options are not transferrable except with the consent of the Board (not to be unreasonably withheld or delayed) or by force of law upon the holder's death.
- (j) An Exercise Notice is only effective when the Company has received the Exercise Price in cleared funds.
- (k) Within 3 Business Days of receipt of an Exercise Notice and the Exercise Price (in cleared funds), the Company must issue the number of Shares required under these terms in respect of the number of C Class Options specified in the Exercise Notice.
- (l) Shares issued on the exercise of the C Class Options will be issued on the same terms as other Shares, and be free of encumbrances and other third party rights or interests.
- (m) The Company will procure that a new holding statement is issued for any Shares issued upon the exercise of C Class Options.
- (n) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on exercise of the C Class Options are quoted by ASX and to procure that such quotation is maintained.
- (o) The C Class Options will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (p) Subject to the Listing Rules, the C Class Options carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other options to any person. The Company will ensure that, for the purposes of determining entitlements to any issue, an option holder will be notified of a proposed issue after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in such issues.
- (q) If from time to time on or prior to the Expiry Date the Company makes a bonus issue to members (**Bonus Issue**), then upon exercise of his or her options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to be issued upon such exercise) the number of Shares which would have been issued to him or her under that Bonus Issue if the options had been exercised before the record date for the Bonus Issue.
- (r) In the event of pro-rata issue of securities (except a Bonus Issue) the exercise price of the options will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (s) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the C Class Options will be reconstructed (as appropriate) in accordance with the Listing Rules.

- (t) A C Class Option does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

#### **4 D Class Options**

- (a) The D Class Options vest immediately upon satisfaction of the Condition for D Class Options (see paragraph (c) below).
- (b) The D Class Options are, subject to satisfaction of the Condition, exercisable at any time prior to 5.00pm (AEST) on the date which is 18 months after the date of the satisfaction of the Condition for D Class Options (**Expiry Date**). Any D Class Option not exercised will automatically lapse on the Expiry Date.
- (c) Conversion of the D Class Options, and the issue of any Shares upon such exercise, is subject to and conditional on such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit non-invasive exploration be undertaken or occur at least 50% (by number) of the Tenement Applications in Jujuy Province (**Condition**). The Company must use all reasonable endeavours to ensure the Condition is satisfied.
- (d) Subject to these terms and conditions, each D Class Option gives the holder the right to subscribe for one Share.
- (e) The exercise price for each D Class Option is \$0.05 per D Class Option (**Exercise Price**).
- (f) Application will not be made to ASX for quotation of the D Class Options.
- (g) Subject to paragraph (c) above, a holder of D Class Options may exercise the options (in full or in part) by lodging with the Company:
  - (i) a written notice of exercise of D Class Options specifying the number of D Class Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the D Class Options being exercised,

#### **(Exercise Notice).**

- (h) The exercise of only a portion of the D Class Options will not prevent the holder's right to exercise the remainder.
- (i) The D Class Options are not transferrable except with the consent of the Board (not to be unreasonably withheld or delayed) or by force of law upon the holder's death.
- (j) An Exercise Notice is only effective when the Company has received the Exercise Price in cleared funds.
- (k) Within 3 Business Days of receipt of an Exercise Notice and the Exercise Price (in cleared funds), the Company must issue the number of Shares required under these terms in respect of the number of D Class Options specified in the Exercise Notice.
- (l) Shares issued on the exercise of the D Class Options will be issued on the same terms as other Shares, and be free of encumbrances and other third party rights or interests.

- (m) The Company will procure that a new holding statement is issued for any Shares issued upon the exercise of D Class Options.
- (n) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on exercise of the D Class Options are quoted by ASX and to procure that such quotation is maintained.
- (o) The D Class Options will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (p) Subject to the Listing Rules, the D Class Options carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other options to any person. The Company will ensure that, for the purposes of determining entitlements to any issue, an option holder will be notified of a proposed issue after the issue is announced. This will give the option holder the opportunity to exercise their options prior to the date for determining entitlements to participate in such issues.
- (q) If from time to time on or prior to the Expiry Date the Company makes a bonus issue to members (**Bonus Issue**), then upon exercise of his or her options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to be issued upon such exercise) the number of Shares which would have been issued to him or her under that Bonus Issue if the options had been exercised before the record date for the Bonus Issue.
- (r) In the event of pro-rata issue of securities (except a Bonus Issue) the exercise price of the options will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (s) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the D Class Options will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (t) A D Class Option does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

**Schedule 3**

**LTI Plan**

# Long Term Incentive Plan Rules

Lake Resources N.L.

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## 1 Definitions and interpretation

(a) These Rules will be known as the 'Long Term Incentive Plan Rules'.

(b) In these Rules, unless the context otherwise requires:

**Applicant** has the meaning given in rule 7(a).

**Application** means an application in the form set out in Annexure C or in such other form as the Board may from time to time prescribe, accepting an invitation from the Board to apply for Specified Shares under these Rules.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Award** means an Option or Performance Right.

**Board** means the Directors acting as the board of the Company.

**Business Day** means a day that is not a Saturday, a Sunday or a public holiday in New South Wales, Australia.

**Certificate** means the certificate issued by the Company to a Holder in respect of an Award.

**Company** means Lake Resources N.L. (ABN 49 079 471 980).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Participant** means an employee of the Company or its subsidiaries, joint venture companies and associates, as the Board determines from time to time (including a director of the Company) or any other person who is declared by the Board to be eligible to receive a grant of an Award under the Plan.

**Exercise Price** means, in respect of an Option, or a Series of Options, the subscription price per Shares, determined by the Board in accordance with rule 7 payable by a Holder on exercise of the Options.

**Grant Date** means the date on which the Board resolves to grant the Award.

**Group Company** means the Company its subsidiaries, joint venture companies and controlled entities.

**Holder** means the holder of a Share or Award, as the case may be.

**Listing Rules** means the ASX listing rules, as amended from time to time.

**Incentive Shares** has the meaning given in clause 2.

**Market Value** means if the Company is admitted to the official list of the ASX, the weighted average closing sale price of the Shares recorded on the ASX over the last 5 trading days on which sales of the Shares were recorded preceding the day on which the Board resolves to invite an Application for an Option.

**Option** means an option granted under the Plan to be issued for one Shares in the Company.

**Option Exercise Notice** means a notice for exercise of Options in accordance with these Rules in the form set out in Annexure D or in such other form as the Board may from time to time prescribe.

**Performance Right** means an entitlement to be issued a Share subject to satisfaction of Performance Criteria and the corresponding obligation of the Company to issue the Share, pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in these Rules.

**Performance Criteria** means performance criteria determined by the Board in its absolute discretion in accordance with rule 6.2(a) and which must be satisfied before:

- (a) a Holder is permitted to exercise an Option granted under this Plan; or
- (b) a Performance Right vests, as the case may be.

**Permanent Disablement** means:

- (a) the illness or incapacity of the Eligible Participant necessitating the permanent withdrawal of the Eligible Participant from the workforce, as accepted to the satisfaction of the Board; or
- (b) any other circumstances which the Board considers should be treated as Permanent Disablement for the purposes of the Plan.

**Plan** means the 'Long Term Incentive Plan' established in accordance with these Rules.

**Related Body Corporate** has the same meaning as given to that term in the Corporations Act.

**Rules** means these rules, as amended from time to time.

**Share** means an ordinary share in the capital of the Company.

**Series** in relation to Options or Performance Rights, means Options or Performance Rights (as the case may be) with a common Grant Date.

**Specified Shares** has the meaning given in rule 5(a).

**Trade** means

- (a) any dealing with a Shares allotted upon the exercise of an Option or vesting of a Performance Right (where applicable), including but not limited to, a sale, transfer, assignment, encumbrance, option, swap, any alienation of all or any part of the rights attaching to the Incentive Shares; and
- (b) any attempt to do any of the actions set out in paragraph (a) above.

**Vesting Notification** means a notice to an Eligible Participant informing him or her that his or her Performance Rights have vested.

- (c) Words importing:
  - (i) a gender will include all other genders; and
  - (ii) the singular will include the plural and vice versa.

## **2 Purpose**

The purpose of the Plan is to allow the Board to make offers to Eligible Participants to acquire either directly or, via Awards, Shares (**Incentive Shares**) in the Company.

## **3 Establishment and termination of the Plan**

- (a) The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and subject to the Corporations Act and Listing Rules.

- (b) The Board may terminate the Plan at any time that it considers appropriate in its absolute discretion.
- (c) Where the Board terminates the Plan, the Board cannot grant any further Incentive Shares under the Plan, but all Incentive Shares already granted remain in existence and, notwithstanding the termination, the Plan continues to have effect in relation to those Incentive Shares until the last of them lapses.

#### **4 Entitlement to participate**

- (a) The Board may from time to time and in its absolute discretion determine that an Eligible Participant may participate in the Plan and the extent of that participation. In making that determination, the Board may consider:
  - (i) the seniority of the Eligible Participant and the position the Eligible Participant occupies with the relevant Group Company;
  - (ii) the length of service of the Eligible Participant with the Group Company;
  - (iii) the record of employment of the Eligible Participant with the Group Company;
  - (iv) the potential contribution of the Eligible Participant to the growth and profitability of the Group Company;
  - (v) the extent (if any) of the existing participation of the Eligible Participant in the Plan; and
  - (vi) any other matters which the Board considers relevant.
- (b) The Board may exercise its powers in relation to the participation of any Eligible Participant on any number of occasions.
- (c) The Company must obtain security holder approval under the Listing Rules and/or Corporations Act before the participation under the Plan of any Eligible Participant who is a Director of or otherwise a related party of the Company.

#### **5 Issue of invitations**

- (a) Subject to the Corporations Act and the Listing Rules, the Board may at such times as it determines, issue invitations (in such form as the Board decides from time to time) to Eligible Participants, or any one or more of them, inviting Applications for a grant of Incentive Shares up to the number specified in the invitation (**Specified Shares**) and specifying an acceptance period.
- (b) The number of Specified Shares will be determined by the Board in its absolute discretion.
- (c) Awards granted under the Plan will be granted free of charge.
- (d) The Board may impose Performance Criteria in accordance with rule 6.2(a).

#### **6 Terms of Incentive Shares**

##### **6.1 General terms**

Subject to the Board's discretion, the general terms of the Awards (where applicable) are set out in Annexure A and Annexure B.



## **6.2 Performance Criteria**

- (a) Subject to rule 6.2(b), the Board may in its absolute discretion impose Performance Criteria that must be satisfied before:
  - (i) a Holder is permitted to exercise an Option granted under this Plan; or
  - (ii) a Performance Right granted under this Plan vests.
- (b) The Holder may not exercise any of the Options and a Performance Right will not vest until the Board notifies the Holder that the Performance Criteria (if any) has been satisfied.
- (c) Subject to the Listing Rules and where the Board considers it in the Company's best interests, the Board may waive any Performance Criteria.

## **6.3 Fraudulent or dishonest acts or breach by Holder**

If, in the reasonable opinion of the Board, an Eligible Participant acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any Group Company, then, notwithstanding any other provision in these Rules, the Board may:

- (a) deem any unvested Performance Rights or unexercised Options of the Eligible Participant to have lapsed; and
- (b) deem all or any Shares issued pursuant to the exercise or vesting of an Award held by the Eligible Participant to be forfeited – in which event, at the election of the Board in its entire discretion and subject to compliance with all applicable laws and the Company's constitutions:
  - (i) the Company may cancel the forfeited Shares by ordinary resolution passed at a general meeting, under section 258D of the Corporations Act (Act), and notify ASIC of such cancellation within 1 month under section 254Y of the Act; or
  - (ii) the Eligible Participant shall be deemed to have agreed to sell their Shares to the Company pursuant to an employee share buy-back (as defined in the Act) for an aggregate consideration of \$1, with effect from 14 days after lodgement with ASIC of a notice under section 257F of the Act, and the Shares shall then be cancelled, and ASIC notified of such cancellation within 1 month under section 254Y of the Act; or
  - (iii) the Eligible Participant shall be deemed to have appointed any officer of the Company as their agent to sell the Shares on market and to execute related transfers on behalf of the Eligible Participant; and
  - (iv) where any Shares have been sold by or for the Eligible Participant, all the proceeds of any sale shall be held by the Board in trust for the benefit and at the direction of the Company.

## **6.4 Change of control**

In the event of a takeover bid for the Company, any Awards granted to an Eligible Participant will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance conditions applicable to those Awards. In addition, in the event of a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company, the Board may, in its absolute discretion, determine that some or all of an Eligible Participant's Awards vest if pro rata performance is in line with the performance conditions applicable to those Awards.

## 6.5 Lapse

Where a participant ceases to be an employee of the Company, that participant's Awards will continue to be held by the participant (or by his or her estate as representative) and continue to be subject to these Rules except that any continuous service condition will be deemed to have been waived.

However, prior to or within 60 days after a participant ceases to be an employee of the Company, the Board may determine (in its absolute discretion) that some or all of a participant's Awards will:

- (a) vest or become exercisable;
- (b) are only exercisable for a prescribed period and will otherwise lapse;
- (c) continue to be subject to some or all of the performance conditions; or
- (d) lapse on the date of cessation of employment.

## 6.6 Restrictions on Trading

- (a) The Board may determine, prior to the offer of the relevant Awards, any restrictions upon Trading in Shares issued pursuant to the exercise of an Awards.
- (b) The Board must provide the Eligible Participants with details of any additional or different restrictions.
- (c) The Company may implement any procedure it considers appropriate to restrict an Eligible Participant from Trading in Shares.

## 6.7 Exercise Price

Unless otherwise determined by the Board, the Exercise Price of each Option will be a minimum of the Market Value of a Share when the Board resolves to offer the Options.

## 7 Applications

- (a) Following receipt of an invitation, the Eligible Participant (**Applicant**) may apply for the full number of Specified Shares or part of them by sending to the secretary of the Company an Application.
- (b) The Application must be received by the Company within the acceptance period specified in the invitation.
- (c) The Board is entitled to receive from the Applicant any information that the Board considers necessary concerning the Applicant and the Applicant's entitlement to lodge an Application.
- (d) The Board may reject any Application.

## 8 Limit on number of shares to be issued

An invitation or offer of Incentive Shares may only be made under the Plan if the number of Shares that may be acquired when aggregated with:

- (a) the number of Shares which would be issued if each outstanding offer or Award, being an offer made or Option or Performance Right acquired pursuant to the Plan or any other employee Share scheme was to be accepted or exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee Share scheme,

but disregarding any offer made, or Option acquired or Share issued, by way of or as a result of:

- (c) an offer to a person situated outside of Australia at the time of receipt of the offer; or
- (d) an offer did not require disclosure to investors under the Corporations Act; or
- (e) an offer made under a disclosure document (within the meaning of the Corporations Act),

does not exceed 5% of the total number of issued Shares of the Company as at the time of the invitation or offer.

## **9 Amendments to the Rules**

- (a) Subject to rule 9(b), the Board may alter, delete or add to the Plan or Rules at any time, but for so long as the Company remains on the official list of ASX such alteration, deletion or addition has no effect unless the Listing Rules are complied with.
- (b) No amendment to the provisions of the Plan, or to any restrictions or other conditions relating to any Incentive Shares granted pursuant to the Plan, may be made which reduces the rights of Holders in respect of securities granted to them prior to the date of the amendment, other than any amendment introduced primarily:
  - (i) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
  - (ii) to correct any manifest error or mistake; or
  - (iii) to take into consideration possible adverse taxation implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to taxation legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of taxation legislation by a Court of competent jurisdiction.
- (c) As soon as is reasonably practicable after making any amendment under rule 9(a), the Board will give notice in writing of the amendment to any Eligible Participant affected by the amendment.

## **10 Powers of the Board**

The Plan will be administered by the Board which has the power to determine procedures from time to time for administration of the Plan consistent with these Rules and resolve conclusively all questions of fact or interpretation arising in connection with the Plan.

## **11 No incorporation into terms of employment or engagement**

The rights and obligations of an Eligible Participant under the terms of his/her office or employment with any Group Company are not affected by his/her participation in the Plan and these Rules do not form part of and are not incorporated into any contract of engagement or employment of any individual or entity with a Group Company and do not confer directly or indirectly on an individual or entity any legal or equitable right whatsoever against a Group Company. No Eligible Participant has any rights of compensation or damages in consequence of the termination of his/her engagement or employment for any reason whatsoever in so far as those rights arise or may arise from his/her ceasing to have rights under the Plan as a result of such termination.

## **12 Trust**

- (a) The Board may at any time:
  - (i) establish a trust for the sole purpose of acquiring and holding Incentive Shares in respect of which an Eligible Participant may or has exercised vested Incentive Shares, including for the purpose of enforcing the Trading provisions under rule 6.6; and
  - (ii) appoint a trustee to act as trustee of the trust.
- (b) The trustee will hold the Incentive Shares as trustee for and on behalf of an Eligible Participant as beneficial owner upon the terms of the trust.
- (c) Without limiting rule 9, the Board may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules to effect the establishment of a trust and the appointment of a trustee as detailed in this rule.

## **13 Governing Law**

The Plan and these Rules will in all respects be governed by and will be construed in accordance with the laws of New South Wales, Australia.

## **14 Severance**

If any provision in these Rules is void, voidable by any party or illegal, it will be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) will be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules which will continue in full force and effect.

## Annexure A            Terms of Options

Unless otherwise determined by the Board when it resolves to issue the Incentive Shares, Options granted under the Plan will include the following general terms:

- 1        The Options will be issued for no consideration.
- 2        Each Option entitles the holder to one Share.
- 3        The exercise price of the Options is the Exercise Price.
- 4        The Options will expire upon the earliest occur of:
  - (a)    5 years or any other date nominated as the expiry date in the invitation letter;
  - (b)    the Option lapsing in accordance with the Long Term Incentive Plan; and
  - (c)    failure to meet a Performance Criteria or any other conditions applicable to the Option within the prescribed period.
- 5        The Options may be exercised at any time prior to the expiry date, in whole or in part, upon satisfaction of any Performance Criteria and payment of the exercise price per Option.
- 6        The Options will not be quoted and are not transferable except without the prior consent of the Board (not to be unreasonably withheld or delayed) or by force of law upon the holder's death
- 7        The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- 8        All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX, in accordance with the Listing Rules, for all Shares pursuant to the exercise of Options to be admitted to quotation.
- 9        There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to security holders during the term of the Options. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- 10       If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (**Bonus Issue**), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.
- 11       In the event of any pro-rata issue of securities (except a Bonus Issue) the exercise price of the Options will be adjusted in accordance with ASX Listing Rule 6.22.2.

- 12 In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

## Annexure B                      Terms of Performance Rights

Unless otherwise determined by the Board when it resolves to issue the Incentive Shares, Performance Rights granted under the Plan will include the following general terms:

- 1        The Performance Right will be granted for no consideration.
- 2        Subject to satisfaction of the Performance Criteria, the Performance Right entitles the holder to be issued 1 Share.
- 3        The expiry date of the Performance Rights is the earliest to occur of:
  - (a)    5 years or any other earlier date nominated as the expiry date in the invitation letter;
  - (b)    the Performance Right lapsing in accordance with the Long Term Incentive Plan; and
  - (c)    failure to meet a Performance Criteria or any other conditions applicable to the Performance Right within the prescribed period.
- 4        All Shares issued upon satisfaction of the Performance Criteria will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX, in accordance with the Listing Rules, for all Shares pursuant to the satisfaction of Performance Rights to be admitted to quotation.
- 5        There are no participating rights or entitlements inherent in the Performance Rights and the holders will not be entitled to participate in new issues or pro-rata issues of capital to security holders during the term of the Performance Rights. The Performance Right holder has no rights to a change in the number of Shares issued upon satisfaction of the Performance Criteria except in the event of a bonus issue.
- 6        If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (**Bonus Issue**), then upon satisfaction of the Performance Criteria of his or her Performance Rights a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the Performance Criteria had been satisfied before the record date for the Bonus Issue.
- 7        In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Performance Right holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.
- 8        Specifically, with respect to Performance Rights to the Managing Director solely under Resolution 9, the Performance Rights will vest in three tranches linked to the following performance criteria:
  - (a)    third vest when initial exploration can commence, triggered by the commencement of the first ground based geophysical survey over any of 10 of the Tenement Applications approved for non-invasive exploration in Schedule 4; and
  - (b)    third vest when initial drilling can commence, triggered by the commencement of the first drill hole over any of 10 of the Tenement Applications approved for exploration including drilling in Schedule 4; and
  - (c)    third vest when the Company's Market Capitalisation reaches \$22.287 million defined and calculated based on the volume weighted average market price (VWAP) on the ASX over a 20 day trading period multiplied by the number of shares on issue at the

time (for example \$0.10 per share VWAP over 20 days multiplied by 222,876,034 shares assumed to be issued at the completion of the Lith NRG Acquisition).

- 9 Specifically, with respect to Performance Rights to the Director solely under Resolution 10, the Performance Rights will vest in a single tranche linked to a hurdle linked to when the Company's Market Capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over a 20 day trading period multiplied by the number of shares on issue at the time (for example \$0.10 per share VWAP over 20 days multiplied by 222,876,034 shares assumed to be issued at the completion of the Lith NRG Acquisition).



## Annexure C                      Application for Incentive Shares

[insert name]

[insert name] (the Company)

Employee Long Term Incentive Plan

### Application for Incentive Shares

I .....

of .....

.....

hereby apply for:

- (a) ..... Shares in the capital of the Company; and
- (b) ..... Options to subscribe for an equal number of Shares in the capital of the Company at an Exercise Price of \$..... per Shares; and
- (c) ..... Performance Rights to subscribe for an equal number of Shares in the capital of the Company,

and I agree that upon issue of those Options and/or Performance Rights, I will hold those Options and/or Performance Rights and deal with them only in accordance with the terms and conditions of the said Employee Performance Rights and Option Plan of the Company (a copy of which is attached hereto) and subject to and in accordance with the constitution of the Company.

Dated this..... day of .....

Signed: .....

Name: .....

**Annexure D            Option exercise notice**

**[insert name]**

**[insert name]**

Employee Long Term Incentive Plan

**Option Exercise Notice**

To:     The Directors

**[insert name]** (the **Company**)

I/We .....  
of .....

hereby exercise my/our Options to subscribe for:

..... Shares (fully paid ordinary) in the capital of the Company at an Exercise Price of \$..... per Share and enclose payment in full of \$.....

I/We request you allot to me/us and I/we agree to accept the Shares subject to the constitution of the Company.

Signature of Applicant: .....

Dated this..... day of .....

Schedule 4

Tenement Applications

**SCHEDULE OF TENEMENTS**

TOTAL NUMBER

TENEMENTS:

**53**

TOTAL AREA TENEMENTS:

**93,753 Ha**

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS*
	<b>OLAROS - CAUCHARI AREA</b>					
	Cauchari Bajo I	2156-P-2016	375	100	Jujuy	Application*
	Cauchari Bajo II	2157-P-2016	363	100	Jujuy	Application
	Cauchari Bajo III	2158-P-2016	125	100	Jujuy	Application
	Cauchari Bajo IV	2155-P-2016	30	100	Jujuy	Application
	Cauchari Bajo V	2154-P-2016	952	100	Jujuy	Application
	Cauchari Bajo VI	2159-P-2016	32	100	Jujuy	Application
	Cauchari Centro I	2150-P-2016	32	100	Jujuy	Application
	Cauchari Centro II	2151-P-2016	10	100	Jujuy	Application
	Cauchari Centro III	2152-P-2016	10	100	Jujuy	Application
	Cauchari Centro IV	2153-P-2016	10	100	Jujuy	Application
	Cauchari West I	2160-P-2016	1938	100	Jujuy	Application
	Cauchari West II	2161-P-2016	10	100	Jujuy	Application
	Olaroz Centro I	2163-D-2016	35	100	Jujuy	Application
	Olaroz Centro II	2164-D-2016	268	100	Jujuy	Application
	Olaroz Centro III	2165-D-2016	25	100	Jujuy	Application
	Olaroz Centro IV	2166-D-2016	32	100	Jujuy	Application
	Olaroz East I	2167-D-2016	3344	100	Jujuy	Application
	Olaroz East II	2168-D-2016	2072	100	Jujuy	Application
	Olaroz East III	2169-D-2016	3033	100	Jujuy	Application
	Olaroz East IV	2170-D-2016	3034	100	Jujuy	Application
	Olaroz East V	2171-D-2016	3007	100	Jujuy	Application
	<b>PASO AREA</b>					
	Paso I	2135-P-2016	3482	100	Jujuy	Application
	Paso II	2136-P-2016	3196	100	Jujuy	Application
	Paso III	2137-P-2016	2950	100	Jujuy	Application
	Paso IV	2138-P-2016	2985	100	Jujuy	Application
	Paso V	2139-P-2016	3195	100	Jujuy	Application
	Paso VI	2140-P-2016	2210	100	Jujuy	Application
	Paso VII	2141-P-2016	3227	100	Jujuy	Application
	Paso VIII	2142-P-2016	3070	100	Jujuy	Application
	Paso IX	2143-P-2016	3321	100	Jujuy	Application
	Paso X	2144-P-2016	1913	100	Jujuy	Application

REF	TENEMENT NAME	NUMBER	AREA Ha	INTEREST %	PROVINCE	STATUS
<b>KACHI AREA</b>						
	Kachi Inca	13-D-2016	1273	100	Catamarca	Application
	Kachi Inca I	16-D-2016	2992	100	Catamarca	Application
	Kachi Inca II	17-D-2016	2823	100	Catamarca	Application
	Kachi Inca III	47-M-2016	3354	100	Catamarca	Application
	Kachi Inca IV	46-M-2016	186	100	Catamarca	Application
	Kachi Inca V	45-M-2016	310	100	Catamarca	Application
	Kachi Inca VI	44-M-2016	110	100	Catamarca	Application
	Dona Amparo I	22-D-2016	3000	100	Catamarca	Application
	Dona Carmen	24-D-2016	873	100	Catamarca	Application
	Debbie I	21-D-2016	1501	100	Catamarca	Application
	Divina Victoria I	25-D-2016	1265	100	Catamarca	Application
	Daniel Armando	23-D-2016	3325	100	Catamarca	Application
	Maria II	14-D-2016	888	100	Catamarca	Application
	Maria III	15-D-2016	1395	100	Catamarca	Application
	Morena 1	72-M-2016	3024	100	Catamarca	Application
	Morena 2	73-M-2016	3024	100	Catamarca	Application
	Morena 3	74-M-2016	3024	100	Catamarca	Application
	Morena 6	75-M-2016	1606	100	Catamarca	Application
	Morena 7	76-M-2016	2805	100	Catamarca	Application
	Morena 8	77-M-2016	2961	100	Catamarca	Application
	Morena 12	78-M-2016	2704	100	Catamarca	Application
	Morena 13	79-M-2016	3024	100	Catamarca	Application
<b>53 Applications</b>			<b>93753 Ha</b>	<b>100%</b>		

Totals	Olaroz-Cauchari	21 Applications	18748 Ha
	Paso	10 Applications	29549 Ha
	Kachi	22 Applications	45467 Ha

\* Applications are applications for mining leases 'minas'

## Schedule 5

## Tranche 1, Tranche 2 and Tranche 3 Performance Rights

### Tranche 1 Performance Rights

#### 1 Terms of grant

- (a) Each Tranche 1 Performance Right is unrenounceable and will, subject to clause 2 below, be convertible into one Share in the Company in accordance with clause 3 of this Schedule.
- (b) If the Condition (see clause 3(b) below) is not satisfied on or by 6 months (or such other period agreed by the Company) after the date of the Meeting:
  - (i) the Tranche 1 Performance Rights will immediately terminate and be of no further force or effect;
  - (ii) the obligation on the Company to issue Shares on conversions of the Tranche 1 Performance Rights will terminate; and
  - (iii) the Vendors will not be entitled to any Shares in respect of the Tranche 1 Performance Rights.
- (c) The Tranche 1 Performance Rights will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (d) The Vendors must not sell, transfer or offer for sale any Tranche 1 Performance Rights or enter into any agreement to sell, transfer or offer for sale any Tranche 1 Performance Rights.
- (e) Subject to the Listing Rules, the Tranche 1 Performance Rights carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other performance rights to any person.
- (f) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Tranche 1 Performance Rights will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (g) A Tranche 1 Performance Right does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

#### 2 Condition

- (a) Subject to paragraph (b) below, no Shares will be issued to the Vendors under clause 3 of this Schedule unless and until the Condition has been satisfied. The Company agrees to use reasonable endeavours to satisfy the Condition.
- (b) Conversion of the Tranche 1 Performance Rights, and the issue of any Shares upon such conversion, is subject to and conditional on the Capital Raising being implemented and completed in accordance with the terms set out in Section 11 of the Explanatory Statement (**Condition**).

### **3 Conversion and issue**

- (a) Within 3 Business Days after the Condition has been satisfied, the Company must issue Shares (in accordance with clause 1(a) above) to the holders of the Tranche 1 Performance Rights.
- (b) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on conversion of the Tranche 1 Performance Rights are quoted by ASX and to procure that such quotation is maintained.
- (c) Shares issued on the conversion of the Tranche 1 Performance Rights must be issued on the same terms as all other Shares, and free of encumbrances and other third party rights or interests.
- (d) The Company will procure that a new holding statement is issued for any Shares issued upon the conversion of Tranche 1 Performance Rights.

### **4 Definitions**

Capitalised words or expressions in this Schedule have the meaning given to those terms or expressions in the Explanatory Statement, unless the context requires otherwise.

### **Tranche 2 Performance Rights**

#### **5 Terms of grant**

- (a) Each Tranche 2 Performance Right is unrenounceable and will, subject to clause 6 below, be convertible into one Share in the Company in accordance with clause 7 of this Schedule.
- (b) If the Condition (see clause 6(b) below) is not satisfied on or by 5 years (or such other period agreed by the Company) after the date of the Meeting:
  - (i) the Tranche 2 Performance Rights will immediately terminate and be of no further force or effect;
  - (ii) the obligation on the Company to issue Shares on conversions of the Tranche 2 Performance Rights will terminate; and
  - (iii) the Vendors will not be entitled to any Shares in respect of the Tranche 2 Performance Rights.
- (c) The Tranche 2 Performance Rights will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (d) The Vendors must not sell, transfer or offer for sale any Tranche 2 Performance Rights or enter into any agreement to sell, transfer or offer for sale any Tranche 2 Performance Rights.
- (e) Subject to the Listing Rules, the Tranche 2 Performance Rights carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other performance rights to any person.
- (f) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Tranche 2

Performance Rights will be reconstructed (as appropriate) in accordance with the Listing Rules.

- (g) A Tranche 2 Performance Right does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

## **6 Condition**

- (a) Subject to paragraph (b) below, no Shares will be issued to the Vendors under clause 3 of this Schedule unless and until the Condition has been satisfied. The Company agrees to use reasonable endeavours to satisfy the Condition.
- (b) Conversion of the Tranche 2 Performance Rights, and the issue of any Shares upon such conversion, is subject to and conditional on such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit non-invasive exploration to be undertaken or occur at at least 50% (by number) the Tenement Applications in Catamarca Province (**Condition**).

## **7 Conversion and issue**

- (a) Within 3 Business Days after the Condition has been satisfied, the Company must issue Shares (in accordance with clause 5(a) above) to the holders of the Tranche 2 Performance Rights.
- (b) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on conversion of the Tranche 2 Performance Rights are quoted by ASX and to procure that such quotation is maintained.
- (c) Shares issued on the conversion of the Tranche 2 Performance Rights must be issued on the same terms as all other Shares, and free of encumbrances and other third party rights or interests.
- (d) The Company will procure that a new holding statement is issued for any Shares issued upon the conversion of Tranche 2 Performance Rights.

## **8 Definitions**

Capitalised words or expressions in this Schedule have the meaning given to those terms or expressions in the Explanatory Statement, unless the context requires otherwise.

## **Tranche 3 Performance Rights**

### **9 Terms of grant**

- (a) Each Tranche 3 Performance Right is unrenounceable and will, subject to clause 6 below, be convertible into one Share in the Company in accordance with clause 7 of this Schedule.
- (b) If the Condition (see clause 6(b) below) is not satisfied on or by 5 years (or such other period agreed by the Company) after the date of the Meeting:
  - (i) the Tranche 3 Performance Rights will immediately terminate and be of no further force or effect;
  - (ii) the obligation on the Company to issue Shares on conversions of the Tranche 3 Performance Rights will terminate; and

- (iii) the Vendors will not be entitled to any Shares in respect of the Tranche 3 Performance Rights.
- (c) The Tranche 3 Performance Rights will not:
  - (i) carry any right to participate in or be entitled to any dividends, returns of capital or other distributions (including on a winding up) of the Company; and
  - (ii) carry any voting rights or rights to attend general meetings of the Company.
- (d) The Vendors must not sell, transfer or offer for sale any Tranche 3 Performance Rights or enter into any agreement to sell, transfer or offer for sale any Tranche 3 Performance Rights.
- (e) Subject to the Listing Rules, the Tranche 3 Performance Rights carry no right to participate in any offering of securities by the Company and the Company reserves the right at all time to issue securities, including other performance rights to any person.
- (f) In the event of any reorganization (including by consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Tranche 3 Performance Rights will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (g) A Tranche 3 Performance Right does not give the holder any other rights than those expressly provided by the terms and provided at law where such rights cannot be excluded by these terms.

#### **10 Condition**

- (a) Subject to paragraph (b) below, no Shares will be issued to the Vendors under clause 3 of this Schedule unless and until the Condition has been satisfied. The Company agrees to use reasonable endeavours to satisfy the Condition.
- (b) Conversion of the Tranche 3 Performance Rights, and the issue of any Shares upon such conversion, is subject to and conditional on such approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit non-invasive exploration to be undertaken or occur at at least 50% (by number) of the Tenement Applications in Jujuy Province (**Condition**).

#### **11 Conversion and issue**

- (a) Within 3 Business Days after the Condition has been satisfied, the Company must issue Shares (in accordance with clause 5(a) above) to the holders of the Tranche 3 Performance Rights.
- (b) The Company must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary to ensure any Shares that are issued on conversion of the Tranche 3 Performance Rights are quoted by ASX and to procure that such quotation is maintained.
- (c) Shares issued on the conversion of the Tranche 3 Performance Rights must be issued on the same terms as all other Shares, and free of encumbrances and other third party rights or interests.
- (d) The Company will procure that a new holding statement is issued for any Shares issued upon the conversion of Tranche 3 Performance Rights.



## **12 Definitions**

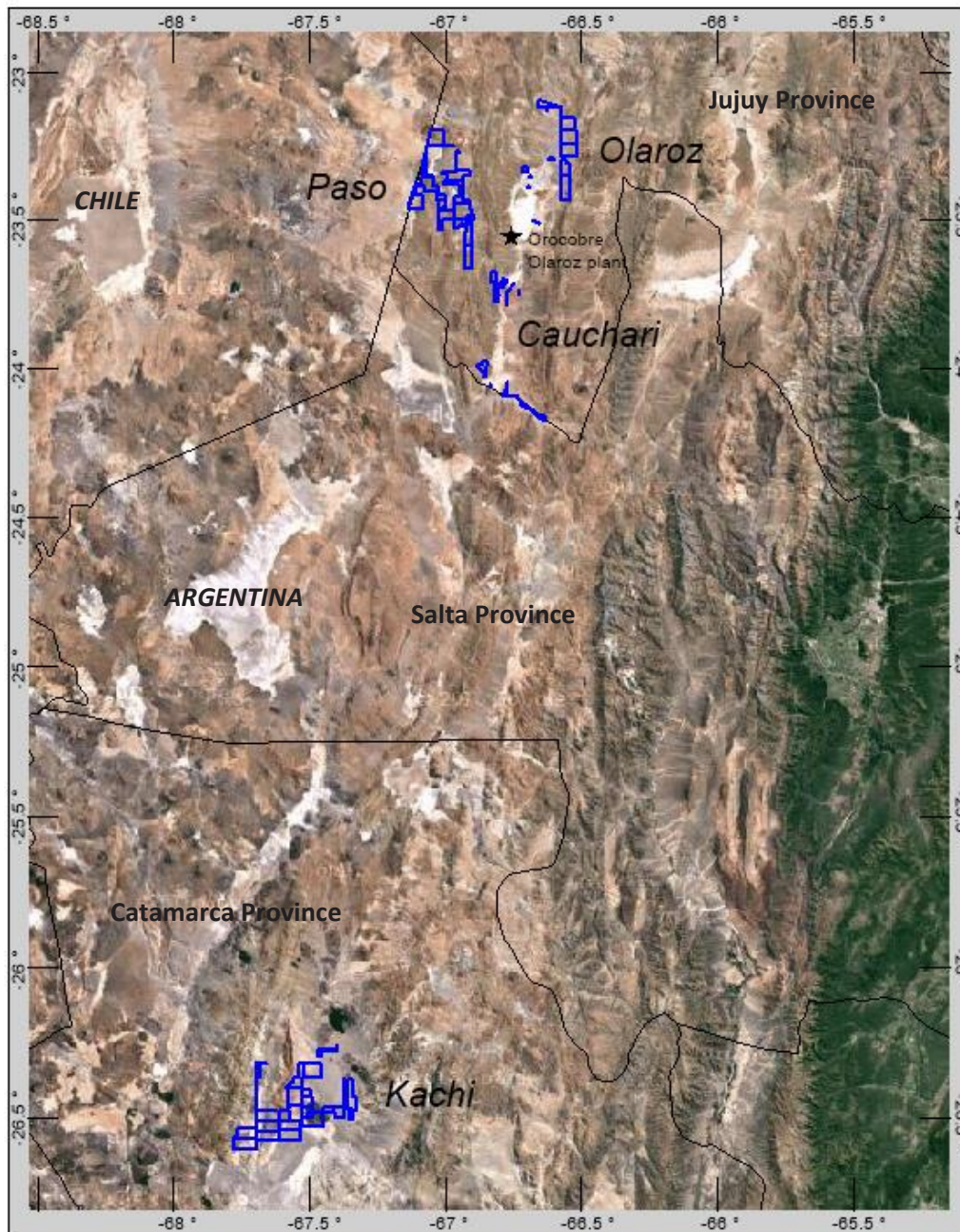
Capitalised words or expressions in this Schedule have the meaning given to those terms or expressions in the Explanatory Statement, unless the context requires otherwise.

## Schedule 6 Vendors

Vendors	Vendors Lith NRG Shares	Respective Percentage
Harris, Kerry William & Fourro, Katrina <Dig Deep SF A/C>	2300000	19.17%
Lambrecht Investment Trust	2000000	16.67%
Willaton Properties Pty Ltd	2000000	16.67%
Promnitz, Stephen	1200925	10.01%
Fluid Investments Pty Ltd	1000000	8.33%
James Superannuation Fund	1000000	8.33%
Rotoiti Ventures Pty Ltd <ATF Sipan Super Fund>	600000	5.00%
Cove Street Pty Ltd <ATF The Cove Street Trust>	550075	4.58%
AJMVM Pty Ltd	500000	4.17%
Williams, Ainsley	430000	3.58%
Crow, Geoffrey Stuart	300000	2.50%
Dottori, Juan Augustin	119000	0.99%
TOTAL	12000000	

Schedule 7

Map of Tenement Applications



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# Lake Resources NL

ABN 49 079 471 980

## PROXY FORM

Registered Office: 3-7 Maud Street, Newstead, Brisbane, 4006

I/We .....

Of .....

.....

being a member/members of Lake Resources NL hereby appoint:

.....

of .....

.....

or in his/her absence, .....

of .....

.....

or in his/her absence, the Chairman of the Meeting as my/our general/special proxy to vote on my/our behalf at the Annual General Meeting of the company to be held on Tuesday 4 October, 2016, or at any adjournment of that meeting.

Signed this: ..... day of ..... 2016

.....  
Signature of Shareholder

Unless otherwise instructed the proxy will vote as he or she thinks fit, or abstain from voting. If the chairman is appointed proxy, he will vote all undirected proxies in favour of the resolutions. Should the member wish to direct the proxy how to vote, the following should be completed.

<b>Agenda Item No:</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director Mr James G Clavarino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of Lith NRG Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval to issue Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue Shares – Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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| 6. Approval of 10% Placement Facility  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Approval for further issue of Shares - Capital Raising  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Approval of Long Term Incentive (LTI) Plan  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Approval to grant Performance Rights to the Company's proposed Managing Director, Mr Stephen Promnitz | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Approval to grant Performance Rights to the Company's proposed Director, Mr Stuart Crow              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Approval to issue Shares to the Lith NRG Pty Ltd loan providers                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company, but should be a natural person over the age of 18 years. Forms must be lodged at the registered office of the company not less than 48 hours before the time of the meeting.