

LAKE RESOURCES N.L.

ABN 49 079 471 980

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2011

LAKE RESOURCES N.L.

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LAKE RESOURCES NL
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DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half-year ended 31 December 2011.

DIRECTORS

The names of Directors who held office during or since the end of the half-year and to the date of this report are:

Peter J. Gilchrist
James G. Clavarino
Ross Johnston

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating loss after applicable income tax for the half-year to 31 December 2011 was \$93,534 (2010: Loss \$122,391). During the half-year the company continued work on its exploration projects in Pakistan with particular emphasis on the targets in Balochistan. Refer also to the Quarterly Reports released by the company for the periods July to September 2011 and October to December 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2011 has been received and is located in this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



P J Gilchrist
Director

Dated: 9 March 2012

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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



P J Gilchrist
Director

Dated: 9 March 2012

LAKE RESOURCES NL
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	31 December 2011 \$	31 December 2010 \$
Revenue	2	47,074	533
Less Expenses:			
Administrative costs		(25,948)	(8,535)
Corporate costs		(108,660)	(102,389)
Occupancy costs		(6,000)	(12,000)
Loss before income tax	3	(93,534)	(122,391)
Income tax expense		-	-
Loss for the period		(93,534)	(122,391)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(93,534)	(122,391)
Basic earnings per share (cents per share)		(0.13)	(0.34)
Diluted earnings per share (cents per share)		(0.13)	(0.34)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	31 December 2011 \$	30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents		1,102,772	1,357,672
Trade and other receivables		48,708	47,107
Other current assets		18,252	1,080
Total Current Assets		1,169,732	1,405,859
NON-CURRENT ASSETS			
Property, plant and equipment		30,622	44,547
Exploration and evaluation expenditure	7	5,519,087	5,299,507
Total Non-Current Assets		5,549,709	5,344,054
TOTAL ASSETS		6,719,441	6,749,913
CURRENT LIABILITIES			
Trade and other payables		72,962	9,900
Total Current Liabilities		72,962	9,900
TOTAL LIABILITIES		72,962	9,900
NET ASSETS		6,646,479	6,740,013
EQUITY			
Issued capital		8,690,935	8,690,935
Reserves		1,051,609	1,051,609
Accumulated losses		(3,096,065)	(3,002,531)
TOTAL EQUITY		6,646,479	6,740,013

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	Issued Capital \$	Capital Profits Reserve \$	Asset Revaluation Reserve \$	Retained Earnings/ (Accumulated Losses) \$	Total \$
Balance 1 July 2010		6,939,873	4,997	1,046,612	(2,729,400)	5,262,082
Total comprehensive income/(loss) for period		-	-	-	(122,391)	(122,391)
Subtotal		6,939,873	4,997	1,046,612	(2,851,791)	5,139,691
Dividends paid or provided for		-	-	-	-	-
Capital Raised		453,628	-	-	-	453,628
Balance 31 December 2010		7,393,501	4,997	1,046,612	-	2,851,791
Balance 1 July 2011		8,690,935	4,997	1,046,612	(3,002,531)	6,740,013
Total comprehensive income/(loss) for period		-	-	-	(93,534)	(93,534)
Subtotal		8,690,935	4,997	1,046,612	(3,096,065)	6,646,479
Dividends paid or provided for		-	-	-	-	-
Balance 31 December 2011		8,690,935	4,997	1,046,612	-	3,096,065

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	31 December 2011 \$	31 December 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(82,394)	(122,697)
Interest received	47,074	533
Net cash provided by (used in) operating activities	<u>(35,320)</u>	<u>(122,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration, evaluation and development expenditure	(219,580)	(46,761)
Net cash provided by (used in) investing activities	<u>(219,580)</u>	<u>(46,761)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	454,556
Share issue applications not yet allotted	-	120,000
Transaction costs on issue of shares	-	(928)
Net cash provided by (used in) financing activities	<u>-</u>	<u>573,628</u>
Net increase (decrease) in cash held	(254,900)	404,703
Cash at start of period	1,357,672	79,146
Cash at end of period	<u>1,102,772</u>	<u>483,849</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements for the half year reporting period ended 31 December 2011 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Lake Resources NL. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Lake Resources NL during the half year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the 30 June 2011 financial report.

Continued Operations and Future Funding

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2011, the company's balance sheet shows total assets of \$6,719,441, total liabilities of \$72,962 and net assets of \$6,646,479. Current assets total \$1,169,732 and include cash assets of \$1,102,772. Net current assets total \$1,096,770. Minimum exploration expenditure commitments in the next twelve months total \$672,000. In addition the company will need to cover general overheads.

As outlined in previous financial reports and disclosures by the company, the ongoing activities will concentrate on the exploration program in Pakistan. Historically the company has financed these activities through equity.

The company's ability to continue with its planned exploration activities is dependent on having finance available. Current cash estimates for the forthcoming twelve months show that virtually all existing sources of funds will be fully utilised by December 2012 and the company will need to source additional funds. No commitment has yet been made as to the source of any additional funding.

The directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	31 December 2011	31 December 2010
	\$	\$
NOTE 2: REVENUE		
Interest received from other parties	47,074	533
Total revenue	47,074	533

NOTE 3: LOSS FOR THE HALF YEAR

The following expense items are relevant in explaining the financial performance for the interim period:

Key management personnel remuneration	60,000	60,000
Depreciation	13,925	14,934
Rental expense on operating leases	6,000	12,000

NOTE 4: COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

Exploration Commitments

Under the terms of the company's new leases for its exploration tenements it has to meet annual rent and undertake exploration for the 3 years from 10 September 2009. The commitments are as follows:

31 December 2011	Rent	Exploration	Total
	\$	\$	\$
Not later than 1 year	22,000	650,000	672,000
Later than 1 year but not later than 5 years	-	-	-
	22,000	650,000	672,000

30 June 2011	Rent	Exploration	Total
	\$	\$	\$
Not later than 1 year	22,000	628,000	650,000
Later than 1 year but not later than 5 years	5,500	157,000	162,500
	27,500	785,000	812,500

Contingent liabilities

Under the terms of the exploration licences granted on 10 September 2009, the company must elect to grant the Balochistan Government a 25% investment in the licences. The Government has advised that a draft agreement is being finalised.

There were no other material contingent liabilities at the end of the reporting period.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2011, no event has arisen that would be likely to materially affect the operations or the state of affairs of the disclosing entity.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

NOTE 6: SEGMENT INFORMATION

The company operates entirely in the mineral exploration industry with all tenements in Pakistan and corporate operations in Australia. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

(a) Performance by geographical region	Australia		Argentina		Pakistan		Economic Entity	
	31 December		31 December		31 December		31 December	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Interest	47,074	533	-	-	-	-	47,074	533
Total segment revenue	47,074	533	-	-	-	-	47,074	533
Total Revenue	47,074	533					47,074	533
Segment Result	(93,534)	(122,391)	-	-	-	-	(93,534)	(122,391)
Income tax expense	-	-	-	-	-	-	-	-
Loss after income tax expense	(93,534)	(122,391)	-	-	-	-	(93,534)	(122,391)

**(b) Assets by
geographical region**

	31 December 2011 \$	30 June 2011 \$
Australia	1,200,354	1,450,406
Pakistan	5,519,087	5,299,507
	6,719,441	6,749,913

NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of areas of interest are:

- at cost	5,519,087	5,299,507
Movement during the year in exploration and evaluation expenditure:		
At cost:		
Carrying amount at beginning of period	5,299,507	5,116,053
Capitalised exploration and evaluation expenditure	219,580	183,454
Carrying amount at the end of period	5,519,087	5,299,507

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 8: ECONOMIC DEPENDENCY

The company is dependent on the Government of Pakistan continuing to allow exploration on tenements which have been granted to the company. Some of the regulatory approvals are currently in the process of renewal.

NOTE 9: RELATED PARTY TRANSACTIONS

The company undertakes transactions with related parties in the normal course of business. In the current period arrangements with related parties continue to be in place, consistent with those reported in the 30 June 2011 annual financial report.

NOTE 10: New and Revised Accounting Requirements Applicable to the Current half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised accounting standard requirements became mandatory for the first time, some of which are relevant to the Entity. A discussion of these new and revised requirements and their impact on the Entity is provided below.

AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following.

the definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;

entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;

the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and

the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.

A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a material impact on the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 10: New and Revised Accounting Requirements Applicable to the Current half-year Reporting Period (continued)

AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;

AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

AASB 101 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

AASB 134 is amended by adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and

making sundry editorial amendments to various Standards and interpretations.

Application of the amendments in AASB 2010-4 did not have a material impact on the financial statements of the Entity.

AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and interpretations 2, 112 & 113].

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the financial statements of the company.



Hayes Knight

Accountants, Advisors & Auditors

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Lead Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Lake Resources NL

As lead auditor for the review of Lake Resources NL for the half-year ended 31 December 2011 I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 9 March 2012



Hayes Knight

Accountants, Advisors & Auditors

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lake Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lake Resources NL (the company), which comprises the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year-ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lake Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lake Resources NL as attached to the directors' report, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent auditor's review report to the members of Lake Resources NL (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lake Resources NL is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis Of Matter - Continued Operations and Future Funding

Without qualifying our conclusion, we draw attention to Note 1 in the financial statements which indicates that the company's ability to continue with its planned exploration activities is dependent on having finance available.

As indicated in the note, the company had net current assets totalling \$1,096,770 at balance date and has minimum exploration commitments in the next twelve months of \$672,000. In addition the company will need to cover its general overheads. On the basis of planned activities continuing, further funds will need to be raised. However no commitment has yet been made as to the source of any additional funding. The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

The outcome of further financing initiatives taken by Directors cannot be presently determined with any certainty. The company's ability to continue as a going concern will be dependent on obtaining future finance.



Hayes Knight Audit (Qld) Pty Ltd



N D Bamford
Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 9 March 2012