CORPORATE GOVERNANCE STATEMENT

Introduction

This statement outlines the corporate governance practices of Lake Resources N.L. (the “company”) and its board of directors (the “board”) during the financial year ended 30th June 2013.

The company and the board has operated for the entire year in accordance with the ASX Corporate Governance Principles And Recommendations with 2010 Amendments and as required under ASX listing rules unless otherwise stated below.

It should be noted that the small size of the company and the specialized nature of the mineral exploration industry has necessitated modification in the application of some of the recommendations, while still trying to keep faith with the underlying principles of the recommendations.

Principle 1: Lay solid foundations for management and oversight.

Recommendation 1.1: Role of the board and management

The board is responsible for the performance and overall corporate governance of the company including the strategic direction, selection of executive directors, establishing goals for management and monitoring the achievement of those goals and approval of budgets.

Day to day management of the company’s affairs and implementation of the corporate strategy are delegated by the board to the managing director and ultimately to senior contract employees.

For the purposes of the proper performance of their duties, the directors are entitled to seek independent advice at the company’s expense, unless the board determines otherwise. The board schedules meetings on a regular basis and other meetings as and when required.

The company has not formally established the functions reserved to the board and those designated to senior executives in accordance with recommendations 1.1 and 1.3 of the ASX Corporate Governance Council. Given the small size of the company and the limited scope of its activities, the board has not considered it necessary to formulate a formal board charter.
**Recommendation 1.2: Performance evaluation of senior management**

The board reviews the role and responsibilities of the board and senior executives on an informal ongoing basis. A formalised statement of matters covering the role and responsibilities of the board and senior executives has not been documented because of the small size of the company and the board. A formalised statement will be established if and when justified by a change in the size and nature of the company’s activities.

In accordance with recommendations 1.2 and 1.3 of the ASX Corporate Governance Council, the company has not disclosed a description of the performance evaluation process in addition to the disclosure above.

**Principle 2: Structure the board to add value**

The board currently has three directors - one independent non-executive director and two executive directors:

- Ross Johnston is the independent director and chairman of the company. He is not a substantial shareholder of the company and satisfies the tests related to independence of directors. He has over thirty years experience as an accountant in public practice having founded one of the largest independently owned accountancy practices in Queensland. He has long experience in commercial and financial issues affecting the company including reporting, taxation matters and project evaluation. He has been a director of numerous companies over many decades.

- the managing director, Peter Gilchrist, is a qualified and highly experienced engineer with over thirty years experience in the minerals exploration, mining and construction industries. He has long experience in commercial matters including company administration and project evaluation. He has been a director of numerous companies over many decades.

- the exploration director, Jim Clavarino has over 30 years experience as a minerals geologist in Australia and many parts of the world. He has over 10 years experience exploring in Pakistan and is an experienced company director.

The three directors are dedicated to building long-term value in the company for shareholders. They have been directors since the company was founded in 1997. The small size of the company and the specialist nature of the minerals exploration industry have generally lead shareholders to place importance on increasing shareholder value by having a board with strong industry experience. The high-risk nature of exploration funding has also led to shareholders preferring directors to be directly or indirectly involved in the provision of capital.
Recommendation 2.1: A majority of the board should be independent directors

The board composition does not have a majority of non-executive directors. The addition of another two non-executive directors to achieve this is not considered practical by the board because of the small size of the company.

Recommendation 2.2: The Chair should be an independent director

The chair, Mr Ross Johnston, is not a substantial shareholder of the company and satisfies the tests related to independence of directors. He does not perform the role of managing director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual

Mr Peter Gilchrist is managing director. He does not perform the role of chair.

Recommendation 2.4: The board should establish a nomination committee

The company does not have a nomination committee because of the small size of the board. The board undertakes informal ongoing assessment of the skills required to direct the company. If any deficiencies are identified, the board will seek a candidate to address the deficiency.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

The board conducts ongoing informal evaluation of its performance and the performance of its members on a continuing basis, and has done so during the reporting period. Because of the small size of the company and the board, it has not been considered necessary to seek outside assistance in performance evaluation.

The board has not formally disclosed the process in accordance with recommendations 2.5 and 2.6 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider the disclosure of the performance evaluation necessary at this stage.

Principle 3: Promote ethical and responsible decision-making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code

The board acknowledges and emphasizes the importance of all directors, employees, contractors and agents maintaining the highest standards of corporate governance and ethical conduct. Directors are obliged to be independent in judgment and ensure that all reasonable steps are taken to ensure due care is taken by the board in making sound
decisions. The company has established a reputation for the highest standard of ethical conduct - for example, it has never made facilitation payments to government officials in overseas countries.

The company has long had a code of conduct which has been strictly adhered to, requiring directors, employees, contractors and agents of the company to:

- act honestly and in good faith,
- exercise due care and diligence in fulfilling the functions of office,
- avoid conflicts and make full disclosure of any possible conflicts of interest,
- comply with the law,
- encourage the reporting and investigation of unlawful and unethical behavior, and
- comply with the share trading policy set out at the end of this Corporate Governance Statement.

The board has not adopted and disclosed a formal code of conduct applying to the board and all employees, contractors and agents in accordance with recommendations 3.1 and 3.5 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider disclosure of the code necessary at this stage.

**Recommendation 3.2:** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

**Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The board recognizes the importance of diversity in the workplace including gender, ethnicity, cultural background and age. The company does not discriminate on any of these grounds for appointments, remuneration or promotion or other matters. However, because of the small size of the company and the limited scope of its operations, the company has not developed or made formal disclosures in accordance with recommendations 3.2, 3.3 and 3.5 of the ASX Corporate Governance Council.

**Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

The company has no permanent employees – its exploration activities are usually undertaken by 2 geologists on “as-needed” contract basis (one of whom is a director of the company). Local day-labour and contractors are also employed on an “as-needed” basis. Accordingly, the company has not made formal disclosures as per recommendations 3.4 and 3.5 of the ASX Corporate Governance Council.
Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1: The board should establish an audit committee

The board is small and acts as a whole as the audit committee. The small size of the company with the three directors as the only persons handling company operations including signing all contracts and disbursements, means there is close and direct contact in all aspects of implementing and monitoring all financial systems and reporting.

The company employs the services of external auditors who demonstrate quality and independence. The external auditor provides an annual declaration of their independence to the company. The external auditor attends the annual general meetings of the company to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recommendation 4.2: The audit committee should be structured so that it:

- consists of only non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members

Because of the small size of the board, it has not been possible for the company to comply with the provisions of recommendation 4.2.

Recommendation 4.3: The audit committee should have a formal charter

Because of factors outlined above, the board has not adopted and disclosed a formal audit committee charter in accordance with recommendations 4.3 and 4.4 of the ASX Corporate Governance Council.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies

The company has a policy that all shareholders, investors and the general public have timely and equal access to the company’s information.

As an exploration company, there is regular reporting to shareholders through the ASX Periodic Disclosure requirements, which call for quarterly operational and cash flow reporting. This reporting is additional to more conventional reporting by all companies of half yearly and annual financial results. All of the company’s annual reports are made
available on the comprehensive company website and distributed in hard copy by mail. All quarterly reports and other disclosures are made available on the company’s website. The board is very aware of its Continuous Disclosure obligations which require immediate reporting of material events, particularly in relation to exploration progress. For example, announcements have been made to the ASX when core logs have been completed for significant exploration drillholes in Pakistan.

The company has not publicly disclosed a formal disclosure policy in accordance with recommendations 5.1 and 5.2 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider adoption and disclosure of a formal disclosure policy is appropriate at this stage.

**Principle 6: Respect the rights of shareholders**

**Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are encouraged to attend and participate in the annual general meetings of the company, to lodge questions to be responded to by the board, and are able to appoint proxies.

The directors are personally acquainted with many of the shareholders of the company and encourage them to visit the company’s office to view the exploration data and discuss the progress of the exploration programme with the exploration director.

The company has not publicly disclosed a formal disclosure policy in accordance with recommendations 6.1 and 6.2 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider adoption and disclosure of a formal communications policy is appropriate at this stage.

**Principle 7: Recognise and manage risk**

**Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The board sets the framework for the company’s long term success, approving its annual budget, assessing business risks and providing overall risk management policy guidance. The board monitors all aspects of the business from the operational level through to strategic level risks, including safety and environmental performance, on a continuing basis and has systems in place to review company controls and to ensure compliance with laws and ethical behavior.
The small size of the company does not warrant establishment of a separate risk management committee.

The company has not publicly disclosed a formal policy in accordance with recommendations 7.1 and 7.4 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider adoption and disclosure of a formal oversight and risk management policy is appropriate at this stage.

**Recommendation 7.2:** The board should require management to design and implement the risk management and internal control system to manage the company’s material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company’s management of its material business risks.

The managing director and the exploration director report regularly to the independent chairman on the effectiveness of the company’s management of its material business risk. The greatest risk, of course, is the low probability of success for minerals exploration. The managing director has advised the board that he believes the company’s management of its material business risks is effective.

**Recommendation 7.3:** The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The managing director has advised the board that the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Principle 8: Remunerate fairly and responsibility**

The company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares.

**Recommendation 8.1:** The board should establish a remuneration committee.

**Recommendation 8.2:** The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members
With respect to recommendations 8.1 and 8.2, the company has not established a remuneration committee because of the small size of the board. The board takes ultimate responsibility for these matters and does not consider establishment of a formal remuneration committee is appropriate at this stage.

**Recommendation 8.3**: Companies should clearly distinguish the structure of non-executive directors’ remuneration from that of executive directors and senior executives

The remuneration of all directors is detailed in the Remuneration Report section of the Directors’ Report. Any increase in director’s fees is approved by shareholders at the annual general meeting.

**SECURITIES TRADING POLICY**

Directors, officers, employees and contractors who wish to trade in company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company’s securities (which includes shares and options) by a person in possession of unpublished price-sensitive information not generally available. It may also include the passing on of this information to another or procuring another person to deal in the securities. Legally, insider trading is an offence which carries severe penalties, including imprisonment.

This policy is not limited to insider trading of the company’s securities, but also includes trading in the securities of other companies, suppliers or entities with which the company may be negotiating significant transactions. Information that is not material to the company may nevertheless be material to one of those other companies.

In this policy, references to directors, officers, employees and contractors includes all connected persons including a spouse or partner, child or step-child under the age of 18 years, an unlisted body corporate which the director, officer, employee or contractor controls, a trust of which the director, officer, employee or contractor is a trustee and which he or she or any of the persons referred to above is a beneficiary or any other person over whom the director, officer, employee or contractor has significant influence or control. Further, all references to officers includes a reference to ‘key management personnel’ as defined in AASB Standard 124 Related Party Disclosure, being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly, including any director (whether executive or otherwise) of the entity.
Insider Trading Prohibition

Directors, officers, employees and contractors of the company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell any securities in the company, or procure another person to do so:

1. if that director, officer, employee or contractor possess information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person’s decision to buy or sell the securities in the company if the information was generally available;

2. if the director, officer, employee or contractor knows or ought reasonably to know that:
   (i) the information is not generally available; and
   (ii) if it were generally available, it might have a material effect on the price or value of the securities or influence a person’s decision to buy or sell the securities in the company.

Further, directors, officers, employees and contractors must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the company or procure another person to do so.

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the company’s securities are set out in Appendix 1.

Closed Periods

In addition to the prohibitions on insider trading set out in the Corporations Act, the company requires that directors, officers, employees and contractors must not trade in the company’s securities in the following periods:

1. seven days preceding and following director and shareholder meetings.
2. fourteen days preceding and following the release of the company’s quarterly reports
3. fourteen days preceding and following the release of the company’s half yearly and annual reports,

(Closed Periods) unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

In addition to the prohibitions on insider trading set out in the Corporations Act, the company requires that directors, officers, employees and contractors must not trade in the company’s securities within any period determined by the company from time to time,
because the company is considering matters that would require disclosure to the market but for listing rule 3.1A (‘Additional Period’), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met. This prohibition is in addition to the Closed Periods. The Closed Periods and the Additional Period are together referred to as a ‘Prohibited Period’ in this policy.

**Exceptional Circumstances When Trading May Be Permitted Subject to Prior Written Clearance**

A person may trade in the company’s securities inside a Prohibited Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following exceptional circumstances:

1. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the company and the person seeking clearance is facing severe financial hardship;
2. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance;
3. where trading is required for compliance with a court order or court-enforceable undertakings or for some other legal or regulatory requirement.

**Procedure for Obtaining Prior Written Clearance for Trading in the Company’s Securities**

Directors, officers, employees and contractors must not trade in the company’s securities during a Prohibited Period, including in the exceptional circumstances referred to above, unless the director, officer, employee or contractor obtains prior written clearance from:

1. in the case of employees or contractors, the managing director or in his absence, the company secretary;
2. in the case of a director or officer, the chairman or in his absence, the managing director;
3. in the case of the managing director, the chairman or in his absence, any of the directors;
4. in the case of the chairman, the managing director or in his absence, any of the directors;

(each an ‘Approving Officer’).

A request for prior written clearance under his policy should be delivered to the Approving Officer in writing, setting out the details of the securities to be traded and the reasons for the request. Requests may be delivered by hand, mail, email or facsimile.
Any written clearance granted under this policy will be valid for a period of seven days which it is granted or such other period as may be determined by the approving officer. The expiry date and time of the clearance will be stated in the clearance granted. Clearances may be delivered by hand, mail, email or facsimile.

**Trading Which is Not Subject to this Policy**

The following trading by directors, officers, employees and contractors is excluded from this policy:

1. transfers of securities already held into a superannuation fund or other saving scheme in which the director, officer, employee or contractor is a beneficiary;

2. an investment in, or trading in units of, a fund or other schemes (other than a scheme only investing in the company’s securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

3. where the director, officer, employee or contractor is a trustee, trading in the company’s securities by that trust provided that the director, officer, employee or contractor is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independent of the director, officer, employee or contractor;

4. undertakings to accept, or the acceptance of, a takeover offer;

5. trading under an offer or invitation made to all or most of the security holders such as, a rights issue, a security purchase plan, a dividend, or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and sale of entitlements required to provide for the take up of the balance of entitlements under a reasonable pro rata issue;

6. a disposal of securities that is the result of a secured lender exercising their rights, for example under a margin lending arrangement;

7. the exercise (but not the sale of securities following an exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the company has been in an exceptionally long prohibited period or the company has had a number of consecutive prohibited periods and the director, officer, employee or contractor could not reasonably have been expected to exercise it at a time when free to do so;

8. trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:

(i) the restricted person did not enter into the plan or amend the plan during a Prohibited Period;
(ii) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and

(iii) the company’s trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a prohibited period other than in exceptional circumstances.

Trading in Derivative Products

The prohibitions on trading in the company’s securities imposed by the company and set out in this policy extend to trading in financial products issued or created over or in respect of the company’s securities.

Notification

Directors must disclose details of changes in securities of the company they hold (directly or indirectly) to the company secretary as soon as reasonably possible after the date of the contract to buy or sell securities (‘contract date’) but in any event:

1. no later than three business days after the contract date; or

2. if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the contract date.

The company secretary is to maintain a register of notifications and clearances given in relation to trading in the company’s securities. The company secretary must report all notifications of dealings in the company’s securities to the next Board meeting of the company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within fourteen days after any change in a director’s interest.

Breaches

Breach of the insider trading prohibition could expose directors, officers, employees and contractors to criminal and civil liability. Breach of insider trading law or this policy will be regarded by the company as serious misconduct which may lead to disciplinary action and/or dismissal.

This policy does not contain an exhaustive analysis of the legal ramifications of insider trading. Directors, officers, employees and contractors who wish to obtain further advice in this matter are encouraged to contact the Company Secretary.

This policy also relates to the company’s related entities.
ASX Listing Rule Requirements

Listing Rule 12.9 requires that each listed entity to have a Trading Policy that complies with minimum content requirements set out in listing rule 12.12. Pursuant to this rule, a copy of this Trading Policy has been provided to ASX for release to the market. The Trading Policy will also be published on the company’s website.

Listing Rule 12.10 requires that any amendments to an entity’s Trading Policy that would constitute a material change would require that the amended policy be provided to ASX for release to the market. Material changes include:

1. changes to the fixed periods specified in the Trading Policy when the entity’s key management personnel are prohibited from trading in the entity’s securities;
2. changes with respect to the trading that is excluded from the operation of the entity’s Trading Policy; and
3. changes with respect to the exceptional circumstances in which the entity’s key management personnel may be permitted to trade during a Prohibited Period.

Securities Trading Policy - Appendix 1

Examples of information which, if made available to the market, may be likely to have a material effect on the price of the company’s securities include, but are not limited to:

- exploration results;
- entry into or termination of a material contract such as a joint venture;
- a material acquisition or sale of assets by the company;
- an actual or proposed takeover or merger;
- an actual or proposed change to the company’s capital structure such as a share issue;
- the financial performance of the company; and
- a material claim against the company or other unexpected liability, for example the threat of material litigation against the company.
Your directors present their report of the Company for the year ended 30 June 2013.

Directors

The directors of the Company at any time during or since the end of the year are:

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<tr>
<th>Name</th>
<th>Meetings Attended</th>
<th>Meetings Eligible to Attend</th>
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<tbody>
<tr>
<td>R Johnston - Chairman</td>
<td>4</td>
<td>4</td>
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<tr>
<td>J.G. Clavarino - Exploration Director</td>
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<tr>
<td>P.J. Gilchrist - Managing Director</td>
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Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Because of the small size of the Company, the board of directors has not formed an audit committee as all board members take an active role in all audit matters.

Company Secretary

The Company secretary of the Company during the year has been PJ Gilchrist.

Principal Activities

The principal activity of the Company in the course of the year was mineral exploration in Pakistan.

There were no significant changes to the nature of the principal activities of the Company during the financial year.

Operating Results

The operating loss after applicable income tax was $6,525,567 (2012: loss $136,750). The result for the year includes an impairment charge of $6,378,060 relating to the carrying value of the Company's exploration licences in Pakistan - see review of operations below and note 12 in the financial statements.

Dividends

No dividend has been proposed or paid during the financial year.

Review of Operations

The Company has been focussed on 3 exploration licences previously granted by the Balochistan government in Pakistan. During the year the Company concentrated on further geological evaluation of these porphyry copper-gold and epithermal gold tenements. The Company's quarterly reports to the ASX outline the results of the exploration work.

However subsequent to balance date the Directorate General of Mines and Minerals, Government of Balochistan, has advised that it has cancelled the Company's 3 exploration licences in Balochistan due to lack of exploration activity. The Company has lodged appeals against the cancellations and is awaiting notice of a date for hearing of the appeals. Other avenues for restoration of the exploration licences are being investigated by the Company's country manager in Pakistan. In view of the uncertainty of the legal processes in Pakistan, the directors believe that it is prudent to write down the value of the Company's investment in Pakistan to zero.

Consequently an impairment charge of $6,378,060 has been recorded in the year ended 30 June 2013.
Significant Changes in State of Affairs

Apart from matters referred to under Review of Operations, there were no significant changes in the state of affairs.

Future Developments, Prospects and Business Strategies

The Company is currently focussed on the status of its exploration licences in Pakistan - any future developments of the Company will depend on the outcome of the Company's interest in those licences. The Company will also need to raise further working capital to continue with any planned activities.

Financial Position

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 30 June 2013, the Company’s balance sheet shows total assets of $91,743, total liabilities of $14,047, and net assets of $77,696. Current assets total $91,375 and include cash assets of $39,770. Current liabilities total $14,047.

As outlined in previous financial reports and disclosures by the Company, the ongoing planned business activities are focussed on the exploration program in Pakistan. Historically the Company has financed these activities through equity. However, as noted above, the Company is currently focussed on the status of its exploration licences in Pakistan - any future developments of the Company will depend on the outcome of the Company's interest in those licences.

The Company’s ability to continue with any planned exploration activities is dependent on having finance available. In addition the Company will need to fund its general overheads. Directors are confident that further funds can be raised when required. 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.

Share Options

At the date of this report, there were no share options over unissued ordinary shares of the Company.

Non-Audit Services

The auditors did not provide non-audit services to the Company during the financial year.

All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor or general principles relating to auditor independence.

Officers and Auditors Indemnification

During the financial period the Company paid an insurance premium in respect of a contract insuring the directors of the Company, the Company secretary and all executive officers of the Company against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The amount of the premium was $9,675 (2012: $8,500) for all directors and officers.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify any officer or auditor of the Company against a liability incurred as an officer or auditor.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is included in the Annual Report.
Subsequent Events

As noted above, subsequent to 30 June 2013 the Company's exploration licences have been cancelled by the Government of Balochistan. Other than for this matter no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Environmental Regulations

The Company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

Information on Directors

The Company's Directors have a strong background in mineral exploration, mining engineering, mine management, finance and accounting, with considerable international experience including Australia, USA, Canada, Philippines, Indonesia, Papua New Guinea, Pakistan, Myanmar and Sweden.

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<tr>
<th>NAME</th>
<th>QUALIFICATIONS</th>
<th>APPOINTED</th>
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<tbody>
<tr>
<td>Ross Johnston</td>
<td>B.Com, FCA</td>
<td>8/08/1997</td>
</tr>
<tr>
<td>Peter J. Gilchrist</td>
<td>B.Eng(Civil), M.Eng Sc, MBA.</td>
<td>8/08/1997</td>
</tr>
<tr>
<td>James G. Clavarino</td>
<td>FRMIT (Geology) MAIMM, MMICA.</td>
<td>8/08/1997</td>
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Ross Johnston (Independent Director) - Over 30 years experience as an accountant in public practice, having founded one of the larger independently-owned accountancy practices in Queensland. Has long experience in commercial and financial experience on various boards.

Jim Clavarino (Executive Director) - Has worked as a mineral geologist for over 35 years in Australia and many parts of the world, with considerable experience as a director of mineral exploration companies.

Peter Gilchrist (Executive Director) - Over 30 years experience as an engineer in mining, construction and manufacturing in Australia and USA. He is Executive Chairman of the Aquatec Maxcon Group, which manufacture and install water treatment equipment for a wide range of customers in the municipal, power and mining industries.

Details of Company Secretary - Peter Gilchrist (Executive Director) has been Company secretary since the formation of the Company, and has experience as secretary with a number of companies.

Relevant direct interests of the Directors in the shares of the Company are:-

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<th>Directors</th>
<th>Balance 30-6-13</th>
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<tr>
<td>Ross Johnston</td>
<td>-</td>
</tr>
<tr>
<td>Peter J. Gilchrist</td>
<td>-</td>
</tr>
<tr>
<td>James G. Clavarino</td>
<td>1,549,400</td>
</tr>
</tbody>
</table>

Messrs Gilchrist and Johnston have an interest in 3,841,920 ordinary shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist is a substantial shareholder in Trenlin Pty Ltd a company which holds 2,092,222 shares in the company.

Mr Gilchrist is a Director of Queensland Energy Pty Ltd a company which holds 1,268,508 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 3,290,020 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.
Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration Report

This report details the nature and amount of remuneration for each director of Lake Resources NL, and for the executives receiving the highest remuneration.

A. Remuneration policy and practices

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors’ fees that can be paid is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors’ interests with shareholder interests, the directors are encouraged to hold shares in the Company. The Company did not utilise the services of remuneration consultant for the year.

As the Company has no full-time employees, contract services are engaged for executive directors who are remunerated with cash consideration.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. The Company does not issue equity based remuneration.

B. Performance-based Remuneration

The Company does not pay any performance-based component of remuneration.

C. Company performance, shareholder wealth and director and executive remuneration

As discussed in Part A of the Remuneration Report, the maximum aggregate amount of directors’ fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Company. To align directors’ and shareholder interests, the directors are encouraged to hold shares in the Company. The Company has no full-time employees but engages contactors as necessary.

The current remuneration policy seeks to align director and executive objectives with those of shareholders by recognising the exploration and development stage of the Company and the criticality of funds being utilised to achieve development objectives.

The following table shows some key performance data of the Company for the last five years, together with the share price at the end of each respective year.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$17,641</td>
<td>$4,759</td>
<td>$7,730</td>
<td>$75,477</td>
<td>$11,361</td>
</tr>
<tr>
<td>Net Loss</td>
<td>$266,588</td>
<td>$117,978</td>
<td>$273,131</td>
<td>$136,750</td>
<td>$6,525,567</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$5,380,060</td>
<td>$5,262,082</td>
<td>$6,740,013</td>
<td>$6,603,263</td>
<td>$77,696</td>
</tr>
<tr>
<td>Capitalised Exploration Expenditure</td>
<td>$4,947,571</td>
<td>$5,116,053</td>
<td>$5,299,507</td>
<td>$6,042,045</td>
<td>-</td>
</tr>
<tr>
<td>Share Price at Year-end</td>
<td>$0.09</td>
<td>$0.06</td>
<td>$0.04</td>
<td>$0.02</td>
<td>$0.01</td>
</tr>
<tr>
<td>Dividends Paid</td>
<td>nil</td>
<td>nil</td>
<td>nil</td>
<td>nil</td>
<td>nil</td>
</tr>
</tbody>
</table>
### D. Key Management Personnel Remuneration for Year Ended 30 June 2013

The remuneration received and receivable for each director of the Company during the year was as follows:

<table>
<thead>
<tr>
<th>Key Management Personnel</th>
<th>Short-term Benefits</th>
<th>Other employment Benefits</th>
<th>Performance Related</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fees $</td>
<td>Contract Service Fees $</td>
<td>Total $</td>
</tr>
<tr>
<td>Ross Johnston (Non-Executive Director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jim Clavarino (Executive Director)</td>
<td>-</td>
<td>39,891 #</td>
<td>39,891</td>
</tr>
<tr>
<td>Peter Gilchrist (Executive Director)</td>
<td>-</td>
<td>21,000 *</td>
<td>21,000</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>60,891</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Management Personnel</th>
<th>Short-term Benefits</th>
<th>Other employment Benefits</th>
<th>Performance Related</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fees $</td>
<td>Contract Service Fees $</td>
<td>Total $</td>
</tr>
<tr>
<td>Ross Johnston (Non-Executive Director)</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
</tr>
<tr>
<td>Jim Clavarino (Executive Director)</td>
<td>20,000</td>
<td>75,952 #</td>
<td>95,952</td>
</tr>
<tr>
<td>Peter Gilchrist (Executive Director)</td>
<td>20,000</td>
<td>36,000 *</td>
<td>56,000</td>
</tr>
<tr>
<td></td>
<td>60,000</td>
<td>111,952</td>
<td>171,952</td>
</tr>
</tbody>
</table>

* The company has engaged Trenlin Pty Ltd, a company which Mr PJ Gilchrist is a shareholder to provide professional services to the company.

# The company has engaged Argent Resources Pty Ltd, a company which Mr Clavarino is a director, to provide exploration services to the company.

These services are provided on normal commercial terms and conditions, no more favourable than those provided by other parties.

### E. Service contracts of directors and specified executives

The service conditions of the managing director, Mr Peter Gilchrist, and the exploration director, Mr Jim Clavarino are not formalised in contracts.

The Company does not have any employment contracts.

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2013 has been received and is attached to the directors' report.

This directors report is signed in accordance with a resolution of directors.

Brisbane, Queensland
27 September 2013
The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001 and:
   
   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   
   (b) give a true and fair view of the company's financial position as at 30 June 2013 and performance of the company for the 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; and

3. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

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

PJ Gilchrist
Director
27 September 2013
Auditor’s Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Lake Resources N.L.

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2013 there have been:

(i) no contraventions to the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit (Qld) Pty Ltd

N D Bamford
Director

Date: 27 September 2013
INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF LAKE RESOURCES N.L.


We have audited the accompanying financial report of Lake Resources N.L. (the company), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration.

Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 provided to the directors of Lake Resources N.L. as attached to the directors’ report, has not changed as at the date of this auditor’s report.
INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF LAKE RESOURCES N.L. (CONTINUED)

Auditor’s Opinion

In our opinion:

a) the financial report of Lake Resources N.L. is in accordance with the Corporations Act 2001, including:
   i) giving a true and fair view of the company’s financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis Of Matter – Continued Operations and Future Funding

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

As indicated in the note, at balance date the company had total assets of $91,743 and net assets of $77,696 including cash assets of $39,770. However the Company’s exploration licences have been cancelled. The Company is currently focussed on the status of its exploration licences in Pakistan – any future developments of the Company will depend on the outcome of the Company’s interest in those licences. The Company’s ability to continue with any exploration activities is dependent on having finance available. In addition the Company will need to fund its general overheads. Directors are confident further funds can be raised when required, however no commitment has yet been made as to the source of any additional funding. On the expectation of obtaining further funding directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the company could not continue as a going concern.

Report on the Remuneration Report

We have audited the remuneration report of the directors’ report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor’s Opinion

In our opinion the remuneration report of Lake Resources N.L. for the year ended 30 June 2013 complies with s 300A of the Corporations Act 2001.

Hayes Knight Audit (Qld) Pty Ltd

ND Bamford
Director
Level 19, 127 Creek Street,
Brisbane, QLD, 4000
Date: 27 September 2013
LAKE RESOURCES NL
ABN 49 079 471 980

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>2</td>
<td>11,361</td>
</tr>
</tbody>
</table>

Classification of Expenses by Function:

- Write-off of deferred exploration costs: (2,248) -
- Administrative expenses: (67,917) (51,120)
- Corporate expenses: (76,703) (149,107)
- Occupancy expenses: (12,000) (12,000)
- Impairment expense: 12 (6,378,060) -

Loss before income tax expense: 3 (6,525,567) (136,750)

Income tax expense: 4 - -

Loss for the year attributable to members of the company: (6,525,567) (136,750)

Other comprehensive income:

- Other comprehensive income for the year net of tax: - -

Total comprehensive income for the year: (6,525,567) (136,750)

Loss attributable to:

Members of the parent entity: (6,525,567) (136,750)

Total comprehensive income attributable to:

Members of the parent entity: (6,525,567) (136,750)

Basic earnings per share (cents per share): 7 (0.093) (0.002)

Diluted earnings per share (cents per share): 7 (0.093) (0.002)

Dividends per share (cents per share): - -

The accompanying notes form part of these financial statements.
## LAKE RESOURCES NL
ABN 49 079 471 980

### STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

### CURRENT ASSETS
- Cash and cash equivalents: 8 39,770 513,874
- Trade and other receivables: 9 50,234 44,859
- Other current assets: 10 1,371 1,251

Total Current Assets: 91,375 559,984

### NON-CURRENT ASSETS
- Property, plant and equipment: 11 368 18,158
- Exploration and evaluation expenditure: 12 - 6,042,045

Total Non-Current Assets: 368 6,060,203

### TOTAL ASSETS
91,743 6,620,187

### CURRENT LIABILITIES
- Trade and other payables: 13 14,047 16,924

Total Current Liabilities: 14,047 16,924

### NON-CURRENT LIABILITIES
- Total Non-current Liabilities: - -

### TOTAL LIABILITIES
14,047 16,924

### NET ASSETS
77,696 6,603,263

### EQUITY
- Issued capital: 14 8,690,935 8,690,935
- Reserves: 15 4,997 1,051,609
- Accumulated losses: (8,618,236) (3,139,281)

Total Equity: 77,696 6,603,263

The accompanying notes form part of these financial statements.
## Statement of Changes in Equity

**For The Year Ended 30 June 2013**

<table>
<thead>
<tr>
<th></th>
<th>Issued Capital</th>
<th>Capital Profits Reserve</th>
<th>Asset Revaluation Reserve</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balance 1 July 2011</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>1,046,612</td>
<td>(3,002,531)</td>
<td>6,740,013</td>
</tr>
<tr>
<td>Net profit/(loss) for period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(136,750)</td>
<td>(136,750)</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>1,046,612</td>
<td>(3,139,281)</td>
<td>6,603,263</td>
</tr>
<tr>
<td><strong>Transactions with owners, in their capacity as owners, and other transfers</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total transactions with owners and other transfers</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance 30 June 2012</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>1,046,612</td>
<td>(3,139,281)</td>
<td>6,603,263</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Issued Capital</th>
<th>Capital Profits Reserve</th>
<th>Asset Revaluation Reserve</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balance 1 July 2012</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>1,046,612</td>
<td>(3,139,281)</td>
<td>6,603,263</td>
</tr>
<tr>
<td>Net profit/(loss) for period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,525,567)</td>
<td>(6,525,567)</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>1,046,612</td>
<td>(9,664,848)</td>
<td>77,696</td>
</tr>
<tr>
<td><strong>Transactions with owners, in their capacity as owners, and other transfers</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer of asset revaluation reserve to retained earnings</strong></td>
<td>-</td>
<td>-</td>
<td>(1,046,612)</td>
<td>1,046,612</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total transactions with owners and other transfers</strong></td>
<td>-</td>
<td>-</td>
<td>(1,046,612)</td>
<td>1,046,612</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance 30 June 2013</strong></td>
<td>8,690,935</td>
<td>4,997</td>
<td>-</td>
<td>(8,618,236)</td>
<td>77,696</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to suppliers</td>
<td>(147,202)</td>
<td>(176,737)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest received</td>
<td>11,361</td>
<td>75,477</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) operating activities</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(135,841)</td>
<td>(101,260)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for deferred expenditure</td>
<td>(338,263)</td>
<td>(742,538)</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) investing activities</td>
<td>(338,263)</td>
<td>(742,538)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowings</td>
<td>-</td>
<td>58,379</td>
</tr>
<tr>
<td>Re-payment of borrowings</td>
<td>-</td>
<td>(58,379)</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) financing activities</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Net increase/(decrease) in cash held

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase/(decrease) in cash held</td>
<td>(474,104)</td>
<td>(843,798)</td>
</tr>
</tbody>
</table>

Cash at beginning of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at beginning of year</td>
<td>513,874</td>
<td>1,357,672</td>
</tr>
</tbody>
</table>

Cash at end of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at end of year</td>
<td>39,770</td>
<td>513,874</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
Note 1: Statement of Significant Accounting Policies

The financial report covers Lake Resources NL. Lake Resources NL is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 30 June 2013, the Company’s balance sheet shows total assets of $91,743, total liabilities of $14,047, and net assets of $77,696. Current assets total $91,375 and include cash assets of $39,770. Current liabilities total $14,047.

As outlined in previous financial reports and disclosures by the Company, the ongoing planned business activities are focussed on the exploration program in Pakistan. Historically the Company has financed these activities through equity. However, as noted above, the Company is currently focussed on the status of its exploration licences in Pakistan - any future developments of the Company will depend on the outcome of the Company's interest in those licences.

The Company’s ability to continue with any planned exploration activities is dependent on having finance available. In addition the Company will need to fund its general overheads. Directors are confident that further funds can be raised when required. 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.

Accounting Policies

a. Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.
Note 1: Statement of Significant Accounting Policies (cont)

a. Income Tax (cont)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial identification of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

<table>
<thead>
<tr>
<th>Class of Fixed Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicles</td>
<td>20%</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>20-25%</td>
</tr>
</tbody>
</table>

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.
c. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are written off as incurred except that they may be carried forward, provided that rights to tenure of an area of interest are current and that the costs are expected to be recouped through the successful development of the area, or sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The company currently has no obligations for any restoration costs in relation to discontinued operations, nor is it currently liable for any future restoration costs in relation to current areas of interest.

Consequently, no provision for restoration has been deemed necessary.

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit and loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised costs using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest rate method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.
d. Financial Instruments (cont)
   (i) Loans and receivables
   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

   (ii) Financial liabilities
   Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment
At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the profit or loss.

Impairment of Assets
At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Foreign Currency Transactions and Balances
   Transaction and balances
   Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

   Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

   Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive.

g. Provisions
   Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h. Cash and Cash Equivalents
   Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.
LAKE RESOURCES NL
ABN 49 079 471 980

Notes to the Financial Statements
For the year ended 30 June 2013

Note 1: Statement of Significant Accounting Policies (continued)
i. **Revenue and other income**
   Revenue is measured at the fair value of the consideration received or receivable.

   Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

   All revenue is stated net of the amount of goods and services tax (GST).

j. **Goods and Services Tax (GST)**
   Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

   Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

   Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. **Leases**
   Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the company, are classified as finance leases.

   Lease payments to operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

   Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

l. **Comparative Figures**
   When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**Key Estimates — Impairment**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment of assets has been identified for the year ended 30 June 2013.

**Key Judgments — Carry-forward of Exploration and Development Expenditure (Note 12 and 23)**

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of exploration and development assets. These costs are only carried forward provided rights of tenure are current and to the extent that they are expected to be recouped through the successful development of the area, or sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

As set out in note 12, subsequent to balance date the Company's exploration licences have been cancelled by the Government of Balochistan. The Company has lodged appeals against the cancellations, however the Company considers it prudent to write down the carrying value of the licences. Consequently, an impairment charge of $6,378,060 has been recorded.

**Key Judgments — Going Concern**

As set out in note 1 the financial report has been prepared on a going concern basis on the assessment that further capital can be raised.
NOTE 2: REVENUE

Revenue

Interest revenue from other persons                              11,361  75,477

NOTE 3: PROFIT/(LOSS) FOR THE YEAR

The result for the year includes the following specific items

(a) Expenses

Foreign currency translation losses 8,487 -
Directors fees paid - 60,000
Rental expense on operating leases 12,000 12,000
Depreciation 17,790 26,389

(b) Significant Revenue and Expenses

Impairment charge (note 12) 6,378,060 -

NOTE 4: INCOME TAX EXPENSE/(BENEFIT)

(a) The components of tax expense comprise:

Current tax - -
Deferred tax - -

(b) Prima facie tax payable/(benefit) on profit/(loss)

from ordinary activities before tax income tax at
30% (2012: 30%).

(1,957,670) (41,025)

Add tax effect of:

Impairment of exploration expenditure 1,913,418 -
Write-off of exploration expenditure 674 -
Future income tax benefit of tax losses not brought to account 145,057 263,786

Less tax effect of:

Temporary differences between income tax and accounting
treatment of exploration and other expenditure (101,479) (222,761)

Income tax expense - -

The weighted average effective tax rate is 0% 0%

The Company has unrecouped, unconfirmed carry forward tax losses of approximately $9.4 million (2012: $8.9 million).

A deferred income tax asset arising from carry forward tax losses will only be recognised to the extent that:

(a) it is probable that the Company will derive future assessable income of a nature and of an amount sufficient to enable

the benefits from the deductions for the losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the losses.
NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of Company key management personnel in office at any time during the financial year are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Gilchrist</td>
<td>Managing Director</td>
</tr>
<tr>
<td>James Clavarino</td>
<td>Exploration Director</td>
</tr>
<tr>
<td>Ross Johnston</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

(b) Key Management Personnel Compensation

The Company has no employees. The two working directors operate under contracts to provide services, based on commercial rates. Directors may also receive fees for directorial services. Amounts paid during the year are set out in note 17 and in the directors report. Totals paid are:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees for all services</td>
<td>60,891</td>
<td>171,952</td>
</tr>
<tr>
<td>Other benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>60,891</td>
<td>171,952</td>
</tr>
</tbody>
</table>

See note 17 for other transactions with KMP.

(c) Shareholdings

Number of shares directly held by Key Management Personnel (2013 and 2012)

<table>
<thead>
<tr>
<th>Key Management Personnel</th>
<th>Opening balance No.</th>
<th>Received as compensation No.</th>
<th>Purchases/(sales) No.</th>
<th>Closing balance No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Gilchrist</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>James Clavarino</td>
<td>1,549,400</td>
<td>-</td>
<td>-</td>
<td>1,549,400</td>
</tr>
<tr>
<td>Ross Johnston</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Messrs Gilchrist and Johnston have an interest in 3,841,920 (2012: 3,841,920) ordinary shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist is a substantial shareholder in Trenlin Pty Ltd a company which holds 2,092,222 (2012: 2,092,222) shares in the Company.

Mr Gilchrist is a Director of Queensland Energy Pty Ltd a company which holds 1,268,508 (2012: 1,268,508) shares in the Company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 3,290,020 (2012: 3,290,020) shares in the company.

Mr Clavarino is a director and shareholder of Lake Gold Pty Ltd, a company which holds 400,000 (2012: 400,000) shares in the company.
NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the Company for:

- auditing or reviewing the financial report 17,400 17,200
- other services - -

17,400 17,200

NOTE 7: EARNINGS PER SHARE

(a) The earnings figure used in the calculation of both the basic EPS and the diluted EPS are the same.

(6,525,567) (136,750)

(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS

70,323,026 70,323,026

(c) Classification of Securities

Only ordinary shares were on issue during the 2013 and 2012 years.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand 39,770 113,874
Short term bank deposit - 400,000

39,770 513,874

The effective interest rates on short term bank deposits was 2.99% (2012: 4.64%); these deposits have an average maturity of less than 90 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents 39,770 513,874
NOTE 9: TRADE AND OTHER RECEIVABLES

Current:
Other receivables

There are no balances within receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

NOTE 10: OTHER ASSETS

Current:
Prepayments

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment - at cost
Accumulated depreciation
Total Plant and Equipment
Motor vehicles - at cost
Accumulated depreciation
Total Vehicles
Total Property, Plant and Equipment

Movement in carrying amount
Movement in the carrying amounts for each class of property, plant and equipment are set out below:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vehicles</td>
<td>Plant &amp; Equip.</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at 1 July 2012</td>
<td>17,735</td>
<td>423</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(17,367)</td>
<td>(423)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2013</td>
<td>368</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vehicles</td>
<td>Plant &amp; Equip.</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at 1 July 2011</td>
<td>40,247</td>
<td>4,300</td>
<td>44,547</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(22,512)</td>
<td>(3,877)</td>
<td>(26,389)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2012</td>
<td>17,735</td>
<td>423</td>
<td>18,158</td>
</tr>
</tbody>
</table>
**NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE**

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

| Exploration and evaluation phase - at cost | $6,042,045 |

Movement during the year in exploration and evaluation expenditure:

<table>
<thead>
<tr>
<th>At cost:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount at beginning of year</td>
<td>6,042,045</td>
</tr>
<tr>
<td>Capitalised exploration and evaluation expenditure</td>
<td>338,263</td>
</tr>
<tr>
<td>Write down of discontinued exploration tenements</td>
<td>(2,248)</td>
</tr>
<tr>
<td>Impairment of exploration and evaluation expenditure (Note 3(b))</td>
<td>(6,378,060)</td>
</tr>
<tr>
<td>Carrying amount at the end of year</td>
<td></td>
</tr>
</tbody>
</table>

Exploration and evaluation costs are carried forward in the statement of financial position as detailed in accounting policy note 1(c). Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals. Capitalised costs amounting to $338,263 (2012: $742,538) have been included in cash flows from investing activities in the cash flow statement.

The Company's tenements are next due for renewal in September 2015 and are subject to a grant of 25% to government (see notes 19 and 23). However, subsequent to balance date the Directorate General of Mines and Minerals, Government of Balochistan, has advised that it has cancelled the Company's 3 exploration licences in Balochistan due to lack of exploration activity. The Company has lodged appeals against the cancellations and is awaiting notice of a date for hearing of the appeals. Other avenues for restoration of the exploration licences are being investigated by the Company's country manager in Pakistan. In view of the uncertainty of the legal processes in Pakistan, the directors believe that it is prudent to write down the value of the Company's investment in Pakistan to zero.

Consequently, an impairment charge of $6,378,060 has been recorded in the year ended 30 June 2013.

**NOTE 13: TRADE AND OTHER PAYABLES**

<table>
<thead>
<tr>
<th>Current</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured</td>
<td></td>
</tr>
<tr>
<td>Sundry creditors and accrued expenses</td>
<td>14,047</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>14,047</td>
<td>16,924</td>
</tr>
</tbody>
</table>
NOTE 14: ISSUED CAPITAL

70,323,026 (2012: 70,323,026) fully paid ordinary shares

(a) Fully paid ordinary shares

<table>
<thead>
<tr>
<th>Description</th>
<th>2013 8,690,935</th>
<th>2012 8,690,935</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the reporting period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at reporting date</td>
<td>8,690,935</td>
<td>8,690,935</td>
</tr>
</tbody>
</table>

(b) Options
There are no options over shares

(c) Capital Management

Exploration companies such as Lake Resources NL are funded exclusively by share capital. The Company has no debt. The Company’s capital comprises share capital supported by financial assets. Management controls the capital of the Company to ensure it can fund its operations and continue as a going concern. Capital management policy is to fund exploration activities by way of equity. No dividend will be paid whilst the Company is in its exploration stage. There are no externally imposed capital requirements. There have been no changes in capital management policies since the prior year.

See note 1 for further comments on capital/liquidity requirements.

NOTE 15: RESERVES

(a) Capital Profits Reserve
The capital profits reserve records non-taxable profits on sale of investments.

(b) Asset Revaluation Reserve
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve. The reserve has been transferred to retained earnings in the year.

<table>
<thead>
<tr>
<th>Description</th>
<th>2013 4,997</th>
<th>2012 1,046,612</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Profits Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Revaluation Reserve</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4,997 1,051,609
NOTE 16: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) after income tax</td>
<td>(6,525,567)</td>
<td>(136,750)</td>
</tr>
<tr>
<td>Non-cash flows in profit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>17,790</td>
<td>26,389</td>
</tr>
<tr>
<td>Impairment of capitalised exploration and evaluation expenditure</td>
<td>6,378,060</td>
<td>-</td>
</tr>
<tr>
<td>Write-down of capitalised exploration &amp; evaluation expenditure</td>
<td>2,248</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in receivables</td>
<td>(5,375)</td>
<td>2,248</td>
</tr>
<tr>
<td>Decrease/(Increase) in prepayments</td>
<td>(120)</td>
<td>(171)</td>
</tr>
<tr>
<td>(Decrease)/Increase in trade creditors and accruals</td>
<td>(2,877)</td>
<td>7,024</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>(135,841)</td>
<td>(101,260)</td>
</tr>
</tbody>
</table>

NOTE 17: RELATED PARTY TRANSACTIONS

The Company's main related parties are the directors (key management personnel) and their related entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors' transactions with the Company
Directors' remuneration is detailed Note 5 (b) and in the remuneration section (Part C) of the directors report.

The Company paid Argent Resources Pty Ltd, a Company of which Mr J.C. Clavarino is a director, fees for professional services in relation to exploration work undertaken on behalf of the Company. 39,891 75,952

The Company paid Trenlin Pty Ltd, a Company of which Mr P.J. Gilchrist is a shareholder, fees for professional services undertaken on behalf of the Company ($21,000 [2012: $36,000]) and for rent of premises on a monthly tenancy ($12,000 [2012: $12,000]). 33,000 48,000

Directors' holding of shares and options (see also Note 5(c))
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date, the following equity interests in the Company:

<table>
<thead>
<tr>
<th>Description</th>
<th>No.</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>12,442,070</td>
<td>12,442,070</td>
</tr>
<tr>
<td>Options over ordinary shares</td>
<td>nil</td>
<td>nil</td>
</tr>
</tbody>
</table>

No shares were issued to directors during the year on terms more favourable than those which it is reasonable to expect the entity would have adopted if dealing in an arm's length transaction with an unrelated party.

No options were issued to director related entities during the year (2012: nil), and no options are held by directors or director-related entities.
NOTE 18: CAPITAL AND LEASING COMMITMENTS

Exploration Commitments

Under the terms of the Company's licences for its exploration tenements it has to meet annual rent and undertake exploration. The commitments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rent</td>
<td>Exploration</td>
</tr>
<tr>
<td>not later than 1 year</td>
<td>18,000</td>
<td>260,000</td>
</tr>
<tr>
<td>later than 1 year but not later than 5 years</td>
<td>18,000</td>
<td>-</td>
</tr>
<tr>
<td>Total commitment</td>
<td>36,000</td>
<td>260,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>not later than 1 year</td>
<td>8,804</td>
<td>86,000</td>
</tr>
<tr>
<td>later than 1 year but not later than 5 years</td>
<td>26,413</td>
<td>-</td>
</tr>
<tr>
<td>Total commitment</td>
<td>35,217</td>
<td>86,000</td>
</tr>
</tbody>
</table>

Note however that, as set out in note 12, the licences have been cancelled by the Government of Balochistan. The Company has lodged appeals against the cancellations and consequently the status of the expenditure amounts shown above is uncertain.

NOTE 19: CONTINGENT LIABILITIES

Under the terms of exploration licences granted on 10 September 2012, the Company must elect to grant the Balochistan Government a 25% investment in the licences. At reporting date the Company has capitalised $6,378,060 of expenditure in respect of these areas of interest (note 12). These financial statements do not reflect the financial effect of this grant should it proceed - the Company has been awaiting further advice from the Government on this matter.

However as set out in note 12, the licences have been cancelled by the Government. The Company has lodged appeals against the cancellations and consequently the status of the grant outlined above is uncertain.

There were no other material contingent liabilities at the end of the reporting period.
NOTE 20: FINANCIAL RISK MANAGEMENT

The company’s financial instruments consist mainly of deposits with banks, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>8</td>
<td>39,770</td>
<td>513,874</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>9</td>
<td>50,234</td>
<td>44,859</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td></td>
<td>90,004</td>
<td>558,733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Liabilities</th>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities at amortised cost:</td>
<td>13</td>
<td>14,047</td>
<td>16,924</td>
</tr>
<tr>
<td>Trade and sundry creditors</td>
<td></td>
<td>14,047</td>
<td>16,924</td>
</tr>
<tr>
<td><strong>Total Financial Liabilities</strong></td>
<td></td>
<td>14,047</td>
<td>16,924</td>
</tr>
</tbody>
</table>

Financial Risk Management Policies

The directors of the company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The director’s overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit, liquidity and market risk, consisting of interest rate risk and foreign currency risk.

a. Credit risk
The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company. Receivables are the main source of credit risk. Bank balances are with major international banks.

b. Liquidity risk
Liquidity risk arises from the possibility the company might encounter difficulty meeting obligations on financial liabilities and commitments.

The company manages liquidity risk by monitoring forecast cash flows, and maintaining adequate levels of cash. The table below analyses liquidity.
Financial instrument composition and maturity analysis

<table>
<thead>
<tr>
<th></th>
<th>Within 1 year</th>
<th>1 to 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities due for payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14,047</td>
<td>16,924</td>
<td>-</td>
</tr>
<tr>
<td>Total expected outflows</td>
<td>14,047</td>
<td>16,924</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets - cash flows realisable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>39,770</td>
<td>513,874</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>50,234</td>
<td>44,859</td>
<td>50,234</td>
</tr>
<tr>
<td>Total anticipated inflows</td>
<td>90,004</td>
<td>558,733</td>
<td>-</td>
</tr>
<tr>
<td>Net (outflow)/inflow on financial instruments</td>
<td>75,957</td>
<td>541,809</td>
<td>-</td>
</tr>
</tbody>
</table>

See note 1 for further comments regarding capital/liquidity requirements.

c. Market risk
Interest rate risk
The company does not have any material exposure to any interest rate risk as the company has no debt. The company's only interest rate risk exposure is in relation to cash at bank. The company manages interest rate risk as a result of changes in market interest rates through the use of variable term deposits.

Foreign currency risk
The company is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the company’s measurement currency, and from holding foreign currency financial instruments.

Price risk
The company is not exposed to any commodity price risk.

Sensitivity Analysis
The company has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.
NOTE 20: FINANCIAL RISK MANAGEMENT (cont)

Interest Rate Sensitivity Analysis

At 30 June 2013, the effect on profit and equity as a result of a 2% (2012: 2%) change in the interest rate, with all other variables remaining constant would be +/- $3,620 (2012: $13,005)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2013, the effect on profit and equity as a result of a 10% (2012: 10%) change in the value of the Pakistan Rupee, with all other variables remaining constant would be +/- $60 (2012: $714).

This exposure arises from the Pakistan Rupee bank accounts. Net exposure is PKR 55,057 (2012: PKR 685,460), and is not considered material.

The above interest rate and foreign exchange rate sensitivity analysis were performed on the assumption that all other variables remain unchanged.

Net Fair Values

The net fair value of the company’s financial assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTE 21: COMPANY DETAILS
The registered office and principal place of business of the company is:

Lake Resources NL
5 Maud Street
NEWSTEAD QLD 4006

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE
Refer note 12 for details regarding the Company's exploration licences.

The financial report was authorised for issue on 27 September 2013.

NOTE 23: ECONOMIC DEPENDENCY
The company is dependent on the Government of Pakistan in relation to exploration on tenements which had been granted to the company for the period to September 2015 (refer note 12).
NOTE 24: OPERATING SEGMENTS

(a) 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 financial statements.

(b) Revenue by geographical region

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>11,361</td>
<td>75,477</td>
</tr>
<tr>
<td>Pakistan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>11,361</td>
<td>75,477</td>
</tr>
</tbody>
</table>

(c) Assets by geographical region
The location of segment assets is disclosed below by geographical location of the assets:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>41,282</td>
<td>571,008</td>
</tr>
<tr>
<td>Pakistan</td>
<td>50,461</td>
<td>6,049,179</td>
</tr>
<tr>
<td>Total</td>
<td>91,743</td>
<td>6,620,187</td>
</tr>
</tbody>
</table>

(d) Major customers
All revenue relates to interest earned on term deposits. The company has no revenue from external customers.
NOTE 25: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those Standards and Interpretations likely to be relevant to the Company and their impact is as follows:

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity’s business model as they are initially classified based on: (a) the objective of the entity’s business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. The directors anticipate that the adoption of AASB 9 and AASB 2010–7 will not have a significant impact on the Company’s statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

This is not expected to have any impact on the company.
AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company’s financial statements.

To facilitate the application of AASBs 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Company’s financial statements.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:
- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company’s financial statements.

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Company’s financial report as a whole because:
- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Company; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.


AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

This Standard is not expected to significantly impact the Company’s financial statements.
NOTE 25: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (cont)


This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Company’s financial statements.

AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Company’s financial statements.
The shareholder information set out below was applicable as at 26 August 2013.

1. Twenty Largest Shareholders

The names of the twenty largest holders of each class of listed securities are listed below:

**Ordinary Shares**

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Ordinary Shares Held</th>
<th>Percentage of Issued Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 HSBC CUSTODY NOMINEES (AUST) LTD</td>
<td>9,332,000</td>
<td>13.27%</td>
</tr>
<tr>
<td>2 KHATTAR CAPITAL INTERNATIONAL PTE LTD</td>
<td>5,000,000</td>
<td>7.11%</td>
</tr>
<tr>
<td>3 CITICORP NOMINEES PTY LIMITED</td>
<td>4,666,000</td>
<td>6.64%</td>
</tr>
<tr>
<td>4 KEMKAY PTY LTD</td>
<td>3,841,920</td>
<td>5.46%</td>
</tr>
<tr>
<td>5 BUSHFLY AIR CHARTER PTY LTD</td>
<td>3,290,020</td>
<td>4.68%</td>
</tr>
<tr>
<td>6 LAWNBET PTY LTD</td>
<td>2,400,000</td>
<td>3.41%</td>
</tr>
<tr>
<td>7 INVIA CUSTODIAN PTY LIMITED</td>
<td>2,346,705</td>
<td>3.34%</td>
</tr>
<tr>
<td>8 TRENLIN PTY LIMITED</td>
<td>2,092,222</td>
<td>2.98%</td>
</tr>
<tr>
<td>9 BENSONS OF BRISBANE PTY LTD</td>
<td>2,000,000</td>
<td>2.84%</td>
</tr>
<tr>
<td>10 ROBERT TAN KAH BOH</td>
<td>2,000,000</td>
<td>2.84%</td>
</tr>
<tr>
<td>11 CHNG SENG CHYE</td>
<td>2,000,000</td>
<td>2.84%</td>
</tr>
<tr>
<td>12 JG CLAVARINO</td>
<td>1,549,400</td>
<td>2.20%</td>
</tr>
<tr>
<td>13 LILIANA TEOFILIOVA</td>
<td>1,540,845</td>
<td>2.19%</td>
</tr>
<tr>
<td>14 CORPORATE PROPERTY SERVICES PTY LTD</td>
<td>1,359,840</td>
<td>1.93%</td>
</tr>
<tr>
<td>15 QLD ENERGY PTY LTD (QEM SUPERANNUATION FUND)</td>
<td>1,268,508</td>
<td>1.80%</td>
</tr>
<tr>
<td>16 CALAMA HOLDINGS PTY LTD</td>
<td>1,235,608</td>
<td>1.76%</td>
</tr>
<tr>
<td>17 OCTIFIL PTY LTD</td>
<td>1,055,600</td>
<td>1.50%</td>
</tr>
<tr>
<td>18 JAN MUHAMMED</td>
<td>1,000,000</td>
<td>1.42%</td>
</tr>
<tr>
<td>19 PAUL RAYMOND FROST</td>
<td>800,000</td>
<td>1.14%</td>
</tr>
<tr>
<td>20 IANAKI SEMERDZIEV</td>
<td>761,000</td>
<td>1.08%</td>
</tr>
<tr>
<td><strong>TOTAL FOR TOP 20 SHAREHOLDERS:</strong></td>
<td><strong>49,539,668</strong></td>
<td><strong>70.45%</strong></td>
</tr>
<tr>
<td><strong>TOTAL OTHER INVESTORS SHAREHOLDINGS</strong></td>
<td><strong>20,783,358</strong></td>
<td><strong>29.55%</strong></td>
</tr>
<tr>
<td><strong>TOTAL ORDINARY SHARES ON ISSUE</strong></td>
<td><strong>70,323,026</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

2. Distribution of equity securities:

(a) Analysis of security by size of holding -number of security holders

<table>
<thead>
<tr>
<th>Ranges</th>
<th>Investors</th>
<th>Securities</th>
<th>% Issued Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 1000</td>
<td>10</td>
<td>3,337</td>
<td>0.00%</td>
</tr>
<tr>
<td>1001 to 5000</td>
<td>77</td>
<td>243,289</td>
<td>0.35%</td>
</tr>
<tr>
<td>5001 to 10000</td>
<td>148</td>
<td>1,035,105</td>
<td>1.86%</td>
</tr>
<tr>
<td>10001 to 100000</td>
<td>255</td>
<td>7,559,161</td>
<td>10.75%</td>
</tr>
<tr>
<td>100001 and Over</td>
<td>62</td>
<td>61,212,134</td>
<td>87.04%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>552</strong></td>
<td><strong>70,323,026</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

(b) The number of security investors holding less than a marketable parcel of 33,334 securities ($0.015 on 19.6.2013) is 421, and they hold 5,165,924 securities.
3. Substantial Shareholders

The following details of substantial shareholders listed in the company's register at 26 August 2013 are:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC Custody Nominees</td>
<td>9,332,000</td>
</tr>
<tr>
<td>Khattar Capital Internment</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Citicorp Nominees Pty Limited</td>
<td>4,666,000</td>
</tr>
<tr>
<td>Kemkay Pty Ltd</td>
<td>3,841,920</td>
</tr>
</tbody>
</table>

4. Voting Rights

Each ordinary shareholder is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

5. The name of the Company Secretary is Mr. Peter Gilchrist.

6. The address of the principal registered office in Australia is 5 Maud Street, Newstead Qld 4006.

7. The address of the principal registered office in Australia is 5 Maud Street, Newstead Qld 4006.

8. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the company on all Members Exchanges of the Australian Stock Exchange Limited.

9. Restricted Securities

There are no restricted securities.

10 Schedule of Tenements as at 30 June 2013

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Alamaf</th>
<th>Dasht-i-Gauran</th>
<th>Koh-i-Sultan</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL Number</td>
<td>(71)/5468-78</td>
<td>(72)/5492-5503</td>
<td>(73)/5479-91</td>
</tr>
<tr>
<td>Area (sq km)</td>
<td>46.9</td>
<td>29.12</td>
<td>85.1</td>
</tr>
<tr>
<td>Lake Interest</td>
<td>(see Note 1)</td>
<td>(see Note 1)</td>
<td>(see Note 1)</td>
</tr>
</tbody>
</table>

Note 1: Clause 12 of the Licence documents provides that the grantee "...will also sign an agreement with the Government of Balochistan in the said licence/project with 12.5% share on 100% discount i.e. without any investment or 25% share with investment in accordance with the Latest Policy of the Government". Throughout the year negotiations continued with the Government of Balochistan to meet the provisions of this clause.

Note 2: As set out in note 12 in the Company's financial statements, the licences have been cancelled by the Government subsequent to 30 June. The Company has lodged appeals against the cancellations.