Lake Resources N.L.

# ANNUAL REPORT **2013**

# Corporate Strategy

Lake Resources' mission has always been to develop a profitable minerals discovery business, concentrating on the effective use of the geosciences and leveraging these skills to make strategic investments. To this end, our focus is on:

- Exploration in the most prospective areas for world-class deposits that will attract major mining companies as joint venture partners at an appropriate stage.
- Use of the most cost-effective practices and technologies including multispectral satellite images, reprocessing and reinterpretation of existing databases and application of appropriate deposit models.
- Formation of alliances with major mining companies for exploration and development of the Company's discoveries.
- Development of a revenue stream comprising net smelter royalties and net profits interests when mining companies develop deposits discovered by us.
- Seed capital investments in other emerging resources sector companies.

The board considers that the corporate culture required for successful mineral exploration is significantly different from the culture of the downstream businesses of mining and smelting.

Accordingly, Lake Resources does not place a high priority on becoming a miner, preferring instead, to retain royalty and net profits interests in its discoveries and to remain focussed on its core business of mineral exploration.

# Company Directory

## Lake Resources N.L.

A.B.N. 49 079 471 980

**Directors**

Ross Johnston
*Chairman*

Peter J Gilchrist
*Managing Director*

James G Clavarino
*Exploration Director*

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Brisbane 4000, Australia

**Bankers**

Australia and New Zealand Banking Group Limited
102 Brisbane Street
Ipswich 4305, Australia

**Share Registry**

Link Market Services Limited
Level 15, 324 Queen Street
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**ASX Code**

LKE

# Chairman's Report

Dear Shareholder

During the year under review, the company's activities focussed on data compilation and evaluation for the Chagai project in Balochistan, Pakistan, following a percussion drilling program that was completed in the second quarter of 2012. This project is situated in the Tethyan magmatic arc, which extends from Turkey, through Iran into Pakistan and hosts a number of copper gold deposits including the Saindak copper-gold mine and the giant Reko Diq copper-gold deposit of Tethyan Copper Company limited (TCC) (see below). Lake Resources has been exploring the region since 1998.

At **Koh-i-Sultan**, exploration targets are world-class copper and gold deposits associated with an extensive system of intensely altered breccia and volcanics on the margin of an extinct volcanic caldera. Lake Resources has undertaken drilling programs in 2005, 2007-8 and 2012. Geologically significant gold and trace elements have been intersected in a number of holes - these results support the accumulating evidence of potential for economic porphyry copper-gold deposits.

The **Dasht-i-Gauran** area is situated to the west of copper mineralisation reported by TCC from drilling at its Sor Baroot Prospect at the Reko Diq Project, and covers a number of possible alteration zones identified from interpretation of satellite images.

The **Amalaf** area adjoins the northern boundary of the Saindak copper-gold mine. Our exploration target is large tonnage - low grade copper amenable to low-cost open-pit mining and trucking to the adjacent Saindak mine. A percussion drilling program scheduled for the second quarter of 2012 was postponed as a result of a new Government of Pakistan policy requiring security clearances for expatriate personnel engaged in exploration activities in the region. Application for these clearances is in progress.

Subsequent to 30th June 2013, the Directorate General of Mines and Minerals, Government of Balochistan, advised that it has cancelled the Company's three Exploration Licences in Balochistan due to lack of exploration activity. The Exploration Licences were due for renewal in September 2015. 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 in the accounts dated 30th June 2013.

Approximately 70 km west of Lake's Koh-i-Sultan project is the giant Reko Diq copper-gold deposit (see Figure 1). Barrick and Antofagasta each hold a 50% interest in Tethyan Copper Company Limited (TCC/Tethyan), whose principal asset is a 75% interest in the Reko Diq project, with the Government of Balochistan holding 25% . According to Antofagasta *"The mineral resource at Reko Diq is estimated at 5.9 billion tonnes with an average copper grade of 0.41% and average gold grade of 0.22g/tonne at a cut-off grade of 0.2% copper equivalent…"* (Antofagasta website, antofagasta.co.uk/interior/operations/f_explora.html)

Following the submission of a feasibility study to Government of Balochistan in August 2010, for development of the project, Tethyan submitted an application for a mining lease in accordance with the Balochistan Mineral Rules in February 2011.

In the financial report for the six months ended 30 June 2012, Antofagasta stated that *"On 15 November 2011, Tethyan was notified by the Government of Balochistan that the Government had rejected the application. Tethyan is pursuing two international arbitrations in order to protect its legal rights: one against the Government of Balochistan with the International Centre for Settlement of Investment Disputes ("ICSID") asserting breaches of the Bilateral Investment Treaty between Australia (where Tethyan is incorporated) and Pakistan, and the other against the Government of Balochistan with the International Chamber of Commerce (:ICC"), asserting breaches of the CHEJVA ( Chagai Hills Joint Venture Agreement). Constitution of the ICC and ICSID arbitration panels is in progress".*

In their First Quarter Report 2013, Barrick Gold stated that "In February 2013, the ICC tribunal issued a ruling denying Tethyan Copper Company's request for provisional measures." In their Second Quarter Report 2013, Barrick noted that "Pakistan received an extension to file its opposition brief in the ICSID matter until September 2013. The ICSID tribunal is considering scheduling a merits hearing for mid-2014. The ICC tribunal has scheduled hearing dates for June 2014, and is considering the scope of these hearings."

On the world scene, volatility of world economies and commodity demand and prices continue to dominate the outlook. 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 these licences. The Company will also need to raise further working capital to continue with any planned activities.

I wish to thank my fellow directors, management and contractors for their contribution to the operation of the company. Thanks also to you, our shareholders, for your ongoing support. We look forward to your continuing association with Lake Resources.

**Ross Johnston**
Chairman

# Exploration Projects

Mineral exploration is an inherently risky undertaking. Typically, for every one thousand mineral occurrences investigated, only one hundred warrant drilling and of these, only one ultimately proves to be economically mineable.


Factors that influence investment decisions for scarce exploration funds include geological prospectivity, availability of geological, geophysical and exploration data, access to land, sovereign risk, government policies, infrastructure and competitive advantages.

From its inception in 1997, Lake concentrated its early efforts in Pakistan and Sweden. In 2004, the Company wound down exploration in Sweden and shifted its focus to a promising new exploration play in Argentina, whilst continuing exploration in Pakistan. Following encouraging results from the company's first drilling program in Pakistan in late 2005, work in Argentina was placed on hold to concentrate on the company's more advanced copper and gold targets in Pakistan.

## Pakistan

With a population of about 193 million (July 2013 estimate), the Islamic Republic of Pakistan is bordered by Iran, Afghanistan, China and India, and has a land area of 771 000 square kilometres, about one tenth of the area of Australia.

The Republic is made up of four provinces - Sindh (capital, Karachi), Punjab (Lahore), Khyber Pakhtunkhwa (formerly North-West Frontier (Peshawar)) and Baluchistan (Quetta) and seven areas ('agencies') on the border with Afghanistan known as the federally-administered tribal areas (FATA). Pakistan also administers part of the former princely state of Jammu and Kashmir – Gilgit-Baltistan also known as Northern Areas. Islamabad is a special 'Federal Capital Territory'.

Pakistan has a federal system of government with a bicameral legislature comprising the National Assembly, and an upper house, the Senate. All four provinces have their own elected provincial assemblies and each provincial government is headed by a chief minister who presides over the provincial cabinet. Provincial governors are appointed by the president. Local or district governments are headed by elected nazims.

Pakistan held National Assembly and provincial parliamentary elections in May 2013. Pakistan's Government is led by Prime Minister Mian Muhammad Nawaz Sharif (since 6th June 2013). The next National Assembly election is due in 2018. An election for 54 of the 100 seats in the Senate was held in March 2012 with the next election scheduled for 2015. On 8th September 2013, Mr Mamnoon Hussein was inaugurated as President for a 5-year term, replacing Mr Asif Ali Zardari.

Australia established diplomatic relations with Pakistan after partition and has had a resident mission in the country since 1948. Bilateral relations between Australia and Pakistan include agreements on promotion and protection of investments, defence, agriculture and development assistance.

Following a major earthquake in Pakistan in October 2005, Australia contributed more than $80 million in emergency assistance. In 2010 Australia's program grew in response to the devastating floods which swept through Pakistan in July of that year, providing $75 million in humanitarian and early recovery assistance. Australia's total official development assistance to Pakistan for 2012-2013 is estimated at A$86 million. In 2012—13 Australia is supporting the World Food Programme to provide emergency food rations for up to 975 000 people displaced by conflict in the Federally Administered Tribal Areas.

Commercial links between Australia and Pakistan include BHP Billiton's investment in Pakistan's Zamzama gas field valued at US$100 million. Total two-way trade in 2012 was A$879 million, principally food products, coal and cotton exports from Australia to Pakistan and textiles and rice from Pakistan to Australia. There is a growing Pakistani community in Australia of approximately 33 000 people of Pakistani ancestry and, in 2012, there were close to 11 000 Pakistani students studying in Australia.

# CHAGAI PROJECT

Lake Resources is exploring for epithermal gold and porphyry copper-gold deposits in the Chagai region in western Balochistan.

## Regional Setting

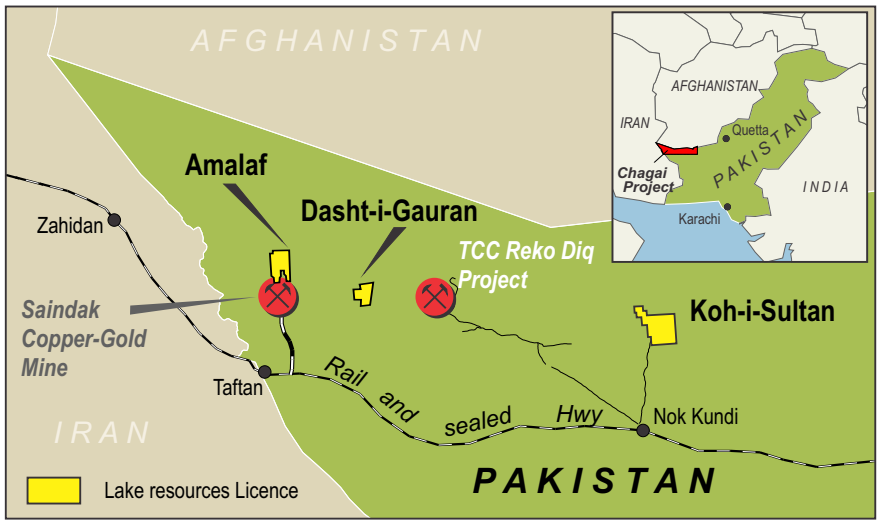
The project area is situated in the Tethyan Magmatic Arc which extends from Turkey through Iran into Pakistan. Important mineral deposits in the Arc include the Saindak copper-gold mine, adjacent to Lake's Amalaf EL, and the Reko Diq porphyry copper-gold project of Antofagasta PLC and Barrick Gold Corporation.

Access is by sealed highway from the provincial capital of Quetta to the border with Iran. A wide-gauge railway parallels the highway.

The first systematic geological mapping of the region, at a scale of 1 inch to 4 miles (1:253 440), was undertaken in 1952-56 under a Canada-Pakistan Colombo Plan project. In 1956-70, mapping and appraisal of geological resources in Pakistan was undertaken under a cooperative program between geological Survey of Pakistan (GSP) and the U.S. Geological Survey which resulted in the discovery of the copper-mineralised quartz-diorite stocks at Saindak.

Further exploration at Saindak during the 1970's resulted in the discovery of porphyry copper, gold and molybdenum in three deposits totalling 440 million tonnes @ 0.41% copper and 0.5g/t gold,

During 1991-93, under a turnkey contract, Metallurgical Construction Corporation of China (MCC) constructed a metallurgical plant and open pit mine based on the South Orebody (78 Mt averaging 0.43% Cu and 0.5 g/t Au). The project was handed over to Saindak Metals Limited in January 1996 after a successful trial operation which produced 1 550 tonnes of blister copper. Due to a shortage of working capital, the mine was placed on a 'care and maintenance' basis until 2003 when it was re-commissioned under the management of MCC, who continue to operate mining and smelting operations at Saindak.



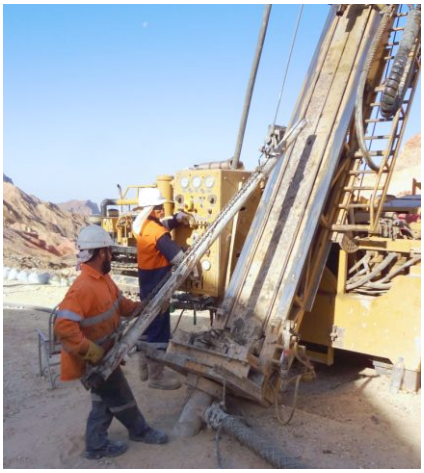

In the early 1990s, BHP (subsequently BHP Billiton (BHPB)) commenced exploration of the Chagai region, discovering a cluster of porphyry copper-gold deposits at Reko Diq. Tethyan Copper Company Ltd (TCC) continued exploration under an agreement with BHPB until early 2006 when TCC was taken over by Antofagasta PLC. Following the takeover, the TCC mineral interests have been managed and operated by a 50:50 joint venture between Antofagasta and Barrick Gold Corporation. Government of Balochistan has a 25% interest in the project.

The current mineral resource at Reko Diq is estimated at 5.9 billion tonnes with an average copper grade of 0.41% and average gold grade of 0.22 g/tonne at a cut-off grade of 0,2% copper equivalent (Antofagasta PLC, Annual Report 2009). Feasibility, environmental and social impact studies were finalised and submitted to Government of Balochistan in August 2010 and applications for mining leases were submitted in February 2011. On 15 November 2011, Tethyan was notified by the Government of Balochistan that the Government had rejected the application. Tethyan is pursuing international arbitrations in order to protect its legal rights.

## Tenements

Lake Resources commenced regional exploration in the Chagai region following the granting of a 10 000 sq km Reconnaissance Licence (RL) in early 1998.

In March 2000, the RL was relinquished and four Exploration Licences (ELs), covering 920 sq km, were granted to Lake. These ELs expired in March 2009 and were replaced with three new ELs that were granted for a period of three years commencing on 10th September 2009. In 2012, the ELs were renewed, over reduced areas (approx. 50%) for a further period of three years to September 2015. Details are set out below.



### Balochistan Tenements

| Tenement | EL Number | Area (sq km) | Lake Interest | Date of Grant | Date of Expiry |
|---|---|---|---|---|---|
| Amalaf | (71)/5468-78 | 46.9 | (see Note 1) | 10/09/2009 | 9/09/2015 |
| Dasht-i-Gauran | (72)/5492-5503 | 29.12 | (see Note 1) | 10/09/2009 | 9/09/2015 |
| Koh-i-Sultan | (73)/5479-91 | 85.1 | (see Note 1) | 10/09/2009 | 9/09/2015 |

**Note 1.** Clause 12 of the Licence documents provides that the grantee *"…will also sign an agreement with the Government of Balochistan within a period of two months regarding participation/entry of 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".* Government of Balochistan advised in a letter dated 15th May 2010 that preparation of a draft agreement is in progress.

Subsequent to 30th June 2013, the Directorate General of Mines and Minerals, Government of Balochistan, advised that it has cancelled the Company's three 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.

The **Amalaf** area adjoins the northern boundary of the Saindak copper-gold mine. The exploration target is large tonnage - low grade copper amenable to low-cost open-pit mining and trucking to the adjacent Saindak mine operated by Chinese company Metallurgical Construction Corporation (MCC).

The **Dasht-i-Gauran** area is situated to the west of copper mineralisation reported by TCC from drilling at its Sor Baroot Prospect at the Reko Diq Project, and covers a number of possible alteration zones identified from interpretation of satellite images.

At **Koh-i-Sultan**, Lake is exploring for gold and copper associated with an extensive system of intensely altered breccia and volcanics covering an area of more than five square kilometres on the margin of an extinct volcanic caldera.

## Previous Work

Initial exploration of the RL by Lake comprised geological interpretation of multispectral Landsat TM images, reprocessing and interpretation of airborne magnetic survey data, follow-up geological reconnaissance and geochemical surveys. This work identified numerous areas for more detailed exploration.

Work on the EL areas commenced with detailed geological interpretation of merged Landsat ETM and SPOT satellite images at 1;25,000 scale that produced detailed geological maps and identified alteration zones that could be associated with copper-gold mineralisation. Subsequent ground investigation of these targets included geological reconnaissance, geochemical sampling (stream sediment, soil and rock) and ground magnetic surveys.

In 2004, revised geological interpretations based on stereoscopic ASTER satellite images and computer-processed spectral data at 1:25,000 scale were completed. The ASTER spectral data provided enhanced discrimination between different alteration types that could be related to mineralisation.

In 2005, Lake undertook a 6-hole reverse circulation percussion drilling program — two holes on each of the Company's three Exploration Licence areas—with encouraging results.

At Amalaf one of two holes drilled by Lake intersected low-grade copper-molybdenum over the length of the hole (drillhole LRJJ-02, 12 -120 m, 108 m @ 0.17%Cu & 94 ppm Mo).

At Koh-i-Sultan, drillhole LRM-01, the first hole ever drilled to test this system, intersected copper and gold mineralisation on the western margin of the system:

- 3 - 12 m, 9 m @ 0.29 g/t Au & 1.63% Cu;
- 12 - 18 m, 6 m @ 1.14 g/t Au & 0.25% Cu;
- 18 - 87 m, 69 m @ 0.55 g/t Au & 0.03% Cu (includes 36-60 m, 24m @ 1.05 g/t Au);
- 129 - 140 m, 11 m @ 0.60 g/t Au & 0.02% Cu.

The hole terminated at a depth of 140 m in continuing gold mineralisation.

In 2006, rock geochemical grid sampling (309 samples) at Koh-i-Sultan identified anomalous gold, tellurium, bismuth and arsenic in a cohesive pattern over an area of about five sq km covering the main Miri alteration system and associated zones to the west and south of the Nawah Caldera.

In early 2007, high resolution (2.5 m) stereoscopic satellite imagery from the Advanced Land Observation Satellite (ALOS) was utilised to produce a new photogeological interpretation and a digital elevation model (DEM) and 10 m topographic contour map.

In the latter part of 2007, preparations were made for a 3 000 m diamond drilling (coring) program to test a zone of breccia and alteration centred on an interpreted north-south-trending fault zone, near the western rim of Nawah Caldera at Koh-i-Sultan. A logistics base was established at the village of Nok Kundi, approximately 35 km south of the drill sites, on the main highway linking the Chagai region with the provincial capital of Quetta and 2.8 km of access track to proposed drill sites were constructed.

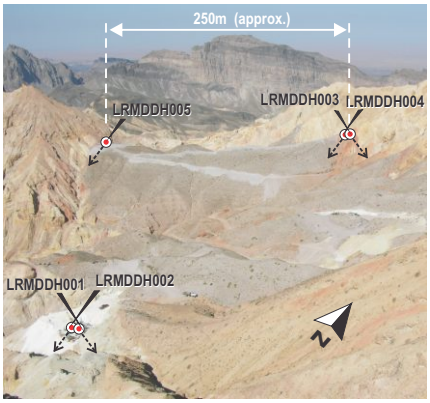
During 2008, five holes were completed for a total of 2 284 m. Details of the drillholes are set out in the table below.

| Hole No. | North (m) | East (m) | R.L. (m) | Azimuth (degrees) | Angle (degrees) | Total Depth (m) |
|---|---|---|---|---|---|---|
| LRMDDH - 001 | 3 222 046 | 480 621 | 2 049 | 090.7° | -62° | 507.2 |
| LRMDDH - 002 | 3 222 046 | 480 616 | 2 049 | 272.7° | -62° | 538.4 |
| LRMDDH - 003 | 3 222 471 | 480 706 | 2 073 | 086.7° | -60° | 550.6 |
| LRMDDH - 004 | 3 222 469 | 480 704 | 2 073 | 263.7° | -61° | 392.2 |
| LRMDDH - 005 | 3 222 422 | 480 449 | 2 063 | 268.7° | -61.5° | 296.4 |

*Notes:* *Location measured by GPS estimated accuracy ± 5 m horizontal, ± 20m vertical.*
*Co-ordinates are UTM, WGS84.*
*Azimuth is related to True North (magnetic variation 1.265° East)*

The diamond drilling program resulted in two significant discoveries:

- porphyry-type copper-gold mineralisation in drillhole LRMDDH-002 (392 – 520 m, 128 m @ 0.14% Cu and 0.19 g/t Au) and
- a very large, variably-altered and mineralised breccia complex, intersected in all five drillholes, over a width of more than 700 m and a north-south extent of more than 400 m. Geologically significant gold values were intersected in the breccia in four of the five drillholes.

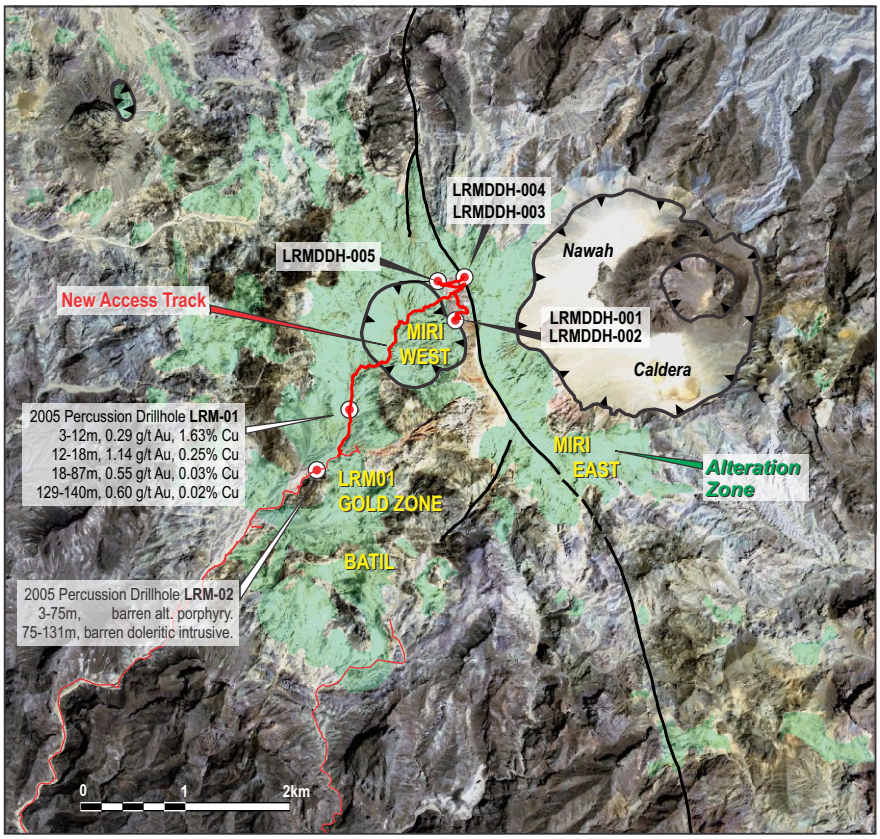



**Drillhole site locations.**

Individual drillhole results are summarized below:

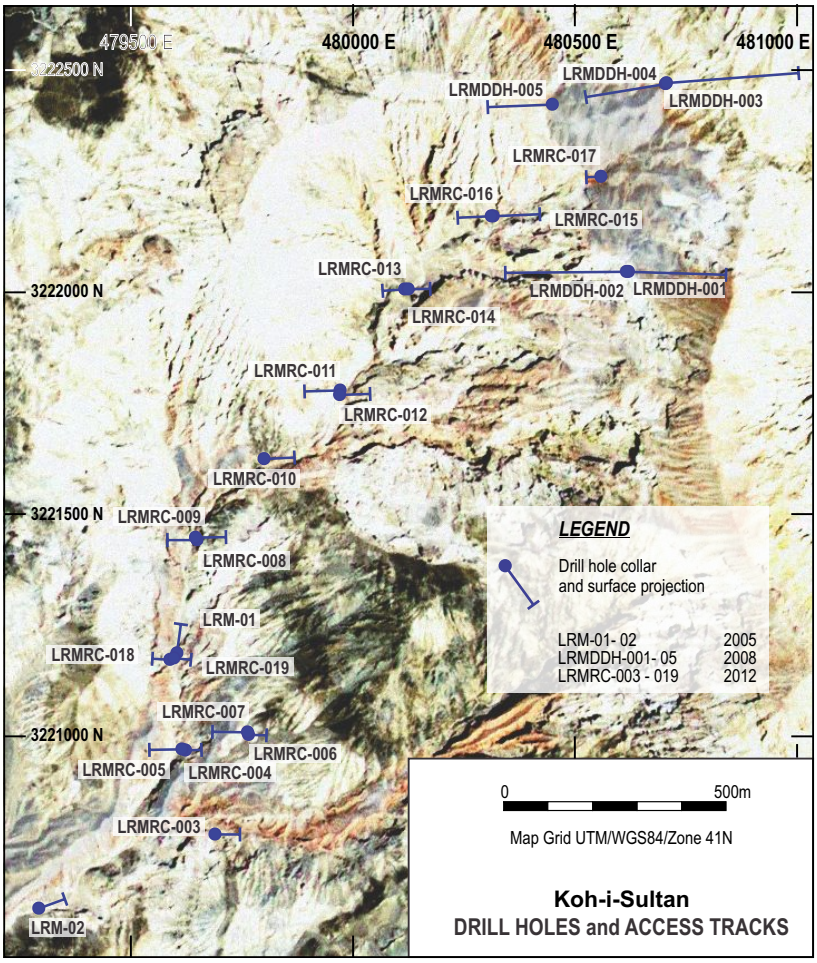
- LRMDDH-001 intersected zones of vent breccias, altered breccias and barren feldspar porphyry. Gold mineralization is present in altered breccia from 334 to 340 m (6 m x 0.30 g/t Au), 364 to 376 m (12 m x 0.55g/t Au) and 506 to 507.3 m (end of hole) (1.3 m x 0.77 g/t Au).
- LRMDDH-002 intersected altered breccias and intrusive porphyry. Porphyry-type copper-gold mineralization is present in potassic-altered porphyry from 392 to 520 m (128 m x 0.14%Cu and 0.19g/t Au). Anomalous molybdenum is present in the upper part of the porphyry mineralization and also in the overlying breccias.
- LRMDDH-003 intersected mainly altered breccias with lesser vent breccia and minor porphyry. Gold is present in altered breccia from 136 to 158 m (22 m x 0.41g/t Au).
- LRMDDH-004 intersected altered mainly altered breccias. Gold is present in altered breccia from 242 to 258 m (16 m x 0.50g/t Au) and 320 to 324 m (4 m x 0.16 g/t Au).
- LRMDDH-005 intersected altered breccias from top to bottom. Supergene copper is present from 80 to 108 m (28 m x 0.26% Cu), including 8 m x 0.56% Cu from 80 to 88 m. Minor gold is present in the supergene copper zone from 86 to 92 m (6 m x 0.19 g/t Au) and further down-hole at 204 to 216 m (12 m x 0.32g/t Au) and 256 to 268 m (12 m x 0.15 g/t Au).

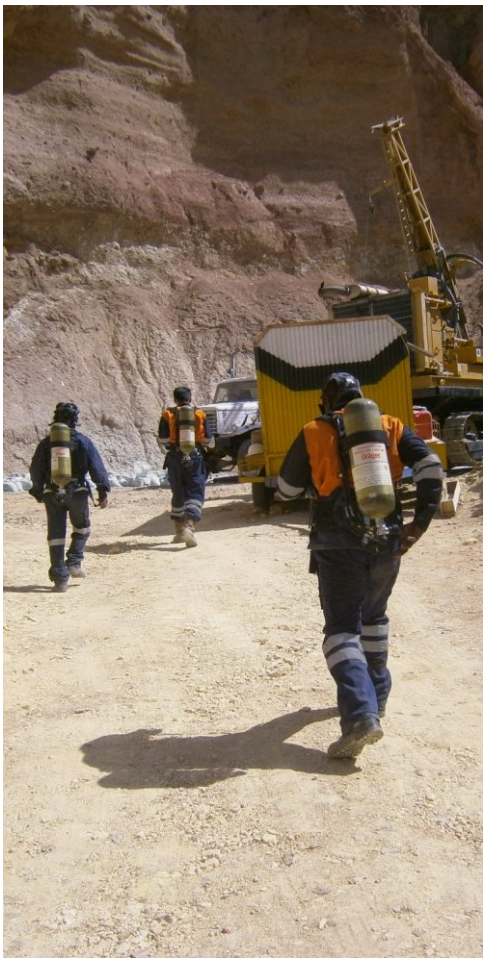
*(Cutoff grades used for the above intersections are 0.10 g/t Au and 0.1% Cu).*




During the first half of 2012, a reverse circulation (RC) drilling program totalling 2,070 m was completed at the Koh-i-Sultan project. The drilling, which was originally scheduled for 2011, was delayed due to the unavailability of suitable drilling equipment in Pakistan. A crawler-mounted multi-purpose (diamond coring and percussion) drill and a crawler-mounted air compressor (900 cfm @ 350 psi), were shipped from Australia by Interdrill Pty Ltd and drilling commenced in late March 2012.

Seventeen holes were drilled within an area approximately 1,000 m east-west by 1,500 m north-south, along Miri Nala, southwest of Nawah Caldera.



A number of the drillholes were terminated before reaching planned depth when they encountered potentially lethal concentrations of pressurized H2S gas. Drillhole location and orientation details are set out in the table below.

| Hole No. | North (m) | East (m) | R.L. (m) | Azimuth (degrees) | Angle (degrees) | Total Depth (m) | Reason for termination |
|---|---|---|---|---|---|---|---|
| LRMRC-003 | 3 220 787 | 479 689 | 1,748 | 090° | -60° | 112 | Intersected $H_2S$ gas |
| LRMRC-004 | 3 220 968 | 479 623 | 1,751 | 090° | -60° | 73 | Lost air |
| LRMRC-005 | 3 220 970 | 479 615 | 1,760 | 271° | -60° | 148 | Risk of $H_2S$ gas |
| LRMRC-006 | 3 221 003 | 479 765 | 1,786 | 092° | -60° | 80 | Unpromising rocks |
| LRMRC-007 | 3 221 009 | 479 762 | 1,786 | 273° | -60° | 157 | |
| LRMRC-008 | 3 221 447 | 479 645 | 1,782 | 091° | -60° | 139 | |
| LRMRC-009 | 3 221 441 | 479 649 | 1,797 | 272° | -60° | 133 | Risk of $H_2S$ gas |
| LRMRC-010 | 3 221 624 | 479 800 | 1,819 | 088° | -60° | 139 | Intersected $H_2S$ gas |
| LRMRC-011 | 3 221 779 | 479 971 | 1,852 | 270° | -60° | 160 | |
| LRMRC-012 | 3 221 769 | 479 970 | 1,852 | 090° | -60° | 139 | Intersected $H_2S$ gas |
| LRMRC-013 | 3 222 006 | 480 116 | 1,896 | 269° | -60° | 98 | Risk of $H_2S$ gas |
| LRMRC-014 | 3 222 006 | 480 124 | 1,896 | 090° | -60° | 100 | Intersected $H_2S$ gas |
| LRMRC-015 | 3 222 171 | 480 316 | 1.940 | 089° | -60° | 211 | |
| LRMRC-016 | 3 222 171 | 480 312 | 1.940 | 270° | -60° | 151 | |
| LRMRC-017 | 3 222 260 | 480 558 | 2,005 | 271° | -60° | 64 | Intersected water |
| LRMRC-018 | 3 222 172 | 479 588 | 1,755 | 275° | -60° | 79 | Risk of $H_2S$ gas |
| LRMRC-019 | 3 222 175 | 479 597 | 1,755 | 095° | -60° | 78 | Risk of $H_2S$ gas |

*Notes: Location measured by GPS – estimated accuracy ± 5 m horizontal, ± 20m vertical.*
*Co-ordinates are UTM, WGS84, Zone 41N, Azimuth is magnetic (magnetic variation 1.8° East), R.L is height above mean sea level*

Drillhole chip samples were collected continuously via a cyclone splitter for 2 m intervals and subjected to geochemical analysis by ALS Laboratories in Brisbane for 49 elements including silver base metals and a range or rare earths and trace elements by ICPAES and ICMP analysis, and gold by fire assay with AAS finish.

## Work Completed in 2012-2013

During the year under review, work focussed on compilation and evaluation of data from the 2012 percussion drilling program.

At the southern end of the area, in the vicinity of the gold intersection in 2005 drillhole LRM-01, seven holes intersected variably altered volcanics and breccia. Five of these holes (LRMRC 005, 006, 007 &009) were essentially barren, except for patchy elevated levels of manganese.

However, significant gold was intersected in four drillholes, with associated copper in two of these holes, similar to drillhole LRM-01 drilled in 2005.

- LRMRC-003: from 64 to 68 m (4 m @ 0.17 g/t Au) and 74 to 90 m (16 m @ 0.14 g/t Au).
- LRMRC-005: from 90 to 92 m (2 m @ 0.11 g/t Au), 96 to 100 m (4 m @ 0.29 g/t Au), 106 to 112 m (6 m @ 0.13 g/t Au) and 124 to 134 m (10 m @ 0.43 g/t Au).
- LRMRC-018: from 2 to 16 m (14 m @ 2.20 g/t Au & 0.32% Cu, including 2 to 12 m (10 m @ 2.96 g/t Au & 0.44% Cu) and 68 to 72 m (4 m @ 0.19 g/t Au).
- LRMRC-019: from 2 to 78 m, anomalous gold over the complete hole (average 1.47 g/t Au) with copper in the top 18 m, including 2 to 22 m (20 m @ 2.23 g/t Au & 0.18% Cu), 22 to 58 m (36 m @ 0.27 g/t Au), 58 to 70 m (12 m @ 4.53 g/t Au) and 70 to 78 m (8 m @ 0.39 g/t Au).

These results are interpreted to support potential for a significant gold target, with possible supergene copper in the LRM001 – LRMRC003/005/018/019 area. The copper-gold association could indicate potential for porphyry copper-gold mineralization beneath this area.

To the north, drillholes LRMRC 010 – 017 intersected zones of geochemically anomalous molybdenum (>5 ppm up to 130 ppm) and copper (>300 ppm up to 1675 ppm). Minor gold was intersected in some of these drillholes:

- LRMRC-010: from 28 to 42 m (14 m @ 0.16 g/t Au), 56 to 70 m (14 m @ 0.34 g/t Au) and 134 to 139 m (5 m @ 0.13 g/t Au).
- LRMRC-013: from 46 to 48 m (2 m @ 0.31 g/t Au).
- LRMRC-014: from 78 to 84 m (6 m @ 0.20 g/t Au).
- LRMRC-015: from 74 to 76 m (2 m @ 0.38 g/t Au).
- LRMRC-016: from 86 to 92 m (6 m @ 0.13 g/t Au), 110 to 120 m (10 m @ 0.13 g/t Au) and 150 to 151 m (1 m @ 0.21 g/t Au).
- LRMRC-017: from 06 to 08 m (2 m @ 0.11 g/t Au), 12 to 14 m (2 m @ 0.11 g/t Au) and 16 to 20 m (4 m @ 0.11 g/t Au).

*(Cutoff grade used for the above intersections is 0.10 g/t Au)*

These results are interpreted to support potential for a large porphyry copper-gold target associated with the porphyry copper-gold intersection in 2008 drillhole LRMDDH-002 (392 to 520 m : 128 m @ 0.14% Cu and 0.19 g/t Au).

A substantial program of deep diamond drilling (500 – 600m) would be required to test these targets below the levels achievable with RC drilling.

A planned RC drilling program at the Amalaf Exploration Licence area that was scheduled for the second quarter 2012, was postponed as a result of a new Government of Pakistan policy requiring security clearances for expatriate personnel engaged in exploration activities in this region. Application for these clearances is in progress.

The future of further exploration will be dependent on the outcome of appeals by the company against cancellation of its exploration licences in Balochistan.

*The information in this report that relates to Exploration Results, is based on information compiled by Jim Clavarino who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Clavarino is Exploration Director of Lake Resources NL and is employed by Argent Resources Pty Ltd. Mr. Clavarino has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Clavarino consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Glossary of Terms


In this Report, the following words have these meanings unless the context otherwise requires:

**"Alteration"** means chemical changes to rocks and minerals, commonly related to ore-forming processes.
**"Andean-type arc"** means a chain of volcanic centres and intrusives associated with continental plate margins.
**"Anomaly/anomalous"** means abnormal; in geological data may indicate a target for investigation.
**"Argillic alteration"** means a type of alteration of rocks and minerals to clay minerals.
**"Base metals"** means any of the more common metals such as copper, lead and zinc.
**"Batholith"** means a large body of intrusive igneous rock.
**"Breccia"** means a rock made up of angular coarse fragments.
**"Caldera"** means a more or less circular volcanic depression whose diameter is many times greater than that of a volcanic vent.
**"Chalcopyrite"** means one of the sulphide minerals of copper.
**"Diamond drilling"** means a method of drilling using diamond tipped drill bits to recover solid core samples from the ground.
**"Disseminated"** means mineral particles scattered more or less evenly within rock or zone of rocks.
**"Epithermal"** means ore deposited at shallow depths from ascending hot solutions.
**"Float"** means rocks no longer in their original place.
**"Geochemical sampling"** means the collection and chemical analysis of geological samples for metals and trace elements.
**"Geophysical surveys"** means surveys using instruments to detect and measure naturally occurring and induced magnetic, electrical and electromagnetic properties of the earth.
**"GIS"** (Geographic/Geologic Information System) means a system for defining, storing, manipulating and presenting spatially related information such as geological, geophysical, geochemical and topographic data.
**"Gossan"** means the outcropping ferruginous deposits derived from the oxidation of underlying sulphide minerals.
**"Gravity (survey/data)"** means measurements of the earth's field of gravity, which varies depending on the underlying rocks.
**"g/t"** means grams per tonne, a measurement commonly used for precious metal ores.
**"Island arc"** means a chain of volcanic islands associated with oceanic tectonic plate margins.
**"km"** means kilometres.
**"Magnetic (survey/data)"** means measurement of the earth's natural magnetic field, which varies depending on the underlying rocks.
**"Magnetite"** means one of the oxide minerals of iron.
**"Massive sulphide"** means mineral deposits containing a high proportion of sulphide minerals.
**"Net smelter return"** means the payment made by a smelter to a mine for the contained metal in concentrate after deduction of all smelting and refining costs, penalties, deductions and freight.
**"Porphyry deposits"** refer to a type of mineral deposit (usually copper, molybdenum and gold) associated with intrusive igneous rocks where the valuable minerals are present in disseminated form.
**"ppb"** means parts per billion, a measurement of concentration.
**"ppm"** means parts per million, a measurement of concentration.
**"Precious metals"** means gold, silver or any of the platinum group of metals.
**"Quaternary age"** means a geologic period of time from 1.8 million years ago to present.
**"Satellite images"** means digital images of the earth's surface compiled from spectral data collected by sensors carried in special-purpose satellites, readily available for all parts of the world from various commercial and government sources.
**"Sheeted dykes"** means groups of thin (relative to length) tabular igneous intrusives.
**"Sovereign risk"** means the potential risk that could arise due to a change in government or government policy.
**"Sq km"** means a measurement of area in square kilometres.
**"Stockwork"** means a network of veins.
**"Stratigraphic"** refers to identifiable geological strata.
**"Stratovolcano"** means a stratified volcanic cone of large proportions.
**"Stream sediment sample"** means a sample of the silt and sand collected from a stream bed for geochemical analysis.
**"Supergene deposit"** means a mineral deposit formed by descending surficial solutions.
**"Tectonic plate"** means a distinct cohesive block of the earth's crust.
**"Tenements"** means mineral exploration and mining titles granted by government agencies.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