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 2014.

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
counter - 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 2014

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 (Independent Director)</td>
<td>4</td>
<td>4</td>
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<tr>
<td>J.G. Clavarino - Exploration Director</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>P.J. Gilchrist - Managing Director</td>
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<td>4</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, however as set out below the company is re-assessing its exploration and financing strategies.

Operating Results

The operating loss after applicable income tax was $135,093 (2013: $6,525,567 loss).

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.

During the year the Directorate General of Mines and Minerals, Government of Balochistan, advised that it had cancelled the Company's 3 exploration licences in Balochistan due to lack of exploration activity. The Company lodged appeals against the cancellations during the March 2014 quarter which resulted in the cancellation orders being set aside and the company's exploration licences being reinstated.

On 12 May 2014, the company announced that it had entered into an Exclusivity Agreement with Colt Resources Middle East (CRME) whereby CRME can earn a majority interest in Lake's three Chagai exploration licences in Balochistan, Pakistan. These negotiations remain in place at the date of signing this report.
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 2014, the Company’s balance sheet shows total assets of $26,289, total liabilities of $83,686, and a net asset deficiency of $57,397. Current assets total $26,289 and include cash assets of $3,353. Current liabilities total $83,686.

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 in the recent period the company has re-assessed its strategy for its exploration licences - see note 12 in the financial statements- and has also had to re-assess its financing. As set out in note 13 the company has sourced short-term working capital from a related party - the company is economically dependent on this financing source, which is available until the company can raise new finance.

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. Directors are well advanced with plans to source additional funding in the near future.

On the basis of the short term working capital provided to the company, and the plans to raise new finance, the Directors have formed the view that it is appropriate to prepare the financial report 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.

Significant Changes in State of Affairs
Apart from matters referred to above regarding exploration and financing strategies, there were no significant changes in the state of affairs of the company.

Future Developments, Prospects and Business Strategies
The Company's business model has been to develop a profitable minerals discovery business. The exploration focus has been copper/gold in Pakistan, with funding from equity.

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. Business risks related to future developments include financial risk, exploration risk and sovereign risk, as well as general business risks.

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 $10,002 (2013: $9,675) 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 2014 the Company has continued to focus on its exploration strategy and plans to raise additional funding for the company to continue its operations. 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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</table>

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:-

<table>
<thead>
<tr>
<th>NAME</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<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>

Balance 30-6-14

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 (Audited)

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

A. Remuneration policy and practices

The board policy is to remunerate directors at market rates for time, commitment, responsibilities and overall performance. 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 Company. 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. All remuneration, and any other transactions with key management personnel are on normal commercial terms and conditions.

B. Performance-based Remuneration

The Company does not pay any incentive 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. 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 contractors 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>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$4,759</td>
<td>$7,730</td>
<td>$75,477</td>
<td>$11,361</td>
<td>-</td>
</tr>
<tr>
<td>Net Loss</td>
<td>117,978</td>
<td>273,131</td>
<td>136,750</td>
<td>6,525,567</td>
<td>135,093</td>
</tr>
<tr>
<td>Net Assets</td>
<td>5,262,082</td>
<td>6,740,013</td>
<td>6,603,263</td>
<td>77,696</td>
<td>(57,397)</td>
</tr>
<tr>
<td>Capitalised Exploration Expenditure</td>
<td>5,116,053</td>
<td>5,299,507</td>
<td>6,042,045</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share Price at Year-end</td>
<td>0.06</td>
<td>0.04</td>
<td>0.02</td>
<td>0.01</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 2014

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>2014 Short-term Benefits</th>
<th>Other employment Benefits</th>
<th>Total</th>
<th>Performance Related</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contract Fees ($</td>
<td>Service Fees ($)</td>
<td>Benefits ($)</td>
<td>($)</td>
</tr>
<tr>
<td>Ross Johnston (Non-Executive Director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jim Clavarino (Executive Director)</td>
<td>-</td>
<td>21,120</td>
<td>#</td>
<td>21,120</td>
</tr>
<tr>
<td>Peter Gilchrist (Executive Director)</td>
<td>-</td>
<td>-</td>
<td>*</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>21,120</td>
<td></td>
<td>21,120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Management Personnel</th>
<th>2013 Short-term Benefits</th>
<th>Other employment Benefits</th>
<th>Total</th>
<th>Performance Related</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contract Fees ($</td>
<td>Service Fees ($)</td>
<td>Benefits ($)</td>
<td>($)</td>
</tr>
<tr>
<td>Ross Johnston (Non-Executive Director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jim Clavarino (Executive Director)</td>
<td>-</td>
<td>39,891</td>
<td>#</td>
<td>39,891</td>
</tr>
<tr>
<td>Peter Gilchrist (Executive Director)</td>
<td>-</td>
<td>21,000</td>
<td>*</td>
<td>21,000</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>60,891</td>
<td></td>
<td>60,891</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 2014 has been received and is attached to the directors' report.

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

P.J. Gilchrist
Director
Brisbane, Queensland
29 September 2014
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 2014 and its performance 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

29 September 2014
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 2014 there have been no contraventions:

(i) to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit (Qld) Pty Ltd

N D Bamford
Director

Date: 29 September 2014
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 2014, 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 and fair presentation 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 2014 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 has a net asset deficiency, that it has received short term working capital from a related party, and that it has re-assessed its exploration strategy and finance strategy. In summary, the company’s ability to continue with its planned business activities is dependent on having finance available.

As indicated in the note, directors are confident further funds can be raised when required. On the basis of the short term working capital provided to the company, and the plans to raise new finance, the 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 2014. 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 2014 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: 29 September 2014
## LAKE RESOURCES NL  
ABN 49 079 471 980

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Classification of Expenses by Function:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write-off of exploration costs</td>
<td>(61,828)</td>
<td>(2,248)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(36,854)</td>
<td>(67,917)</td>
</tr>
<tr>
<td>Corporate expenses</td>
<td>(34,411)</td>
<td>(76,703)</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>(2,000)</td>
<td>(12,000)</td>
</tr>
<tr>
<td>Impairment expense</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss before income tax expense</strong></td>
<td>3</td>
<td>(135,093)</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss for the year attributable to members of the company</strong></td>
<td></td>
<td>(135,093)</td>
</tr>
<tr>
<td><strong>Other comprehensive income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not re classified to profit or loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year, net of tax</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period attributable to members of the company</strong></td>
<td></td>
<td>(135,093)</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (cents per share)</td>
<td>7</td>
<td>(0.002)</td>
</tr>
<tr>
<td>Diluted earnings per share (cents per share)</td>
<td>7</td>
<td>(0.002)</td>
</tr>
<tr>
<td>Dividends per share (cents per share)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## LAKE RESOURCES NL
### STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS
- Cash and cash equivalents: 8 3,353 39,770
- Trade and other receivables: 9 21,866 50,234
- Other current assets: 10 1,070 1,371

**Total Current Assets**: 26,289 91,375

### NON-CURRENT ASSETS
- Property, plant and equipment: 11 - 368
- Exploration and evaluation expenditure: 12 - -

**Total Non-Current Assets**: - 368

**TOTAL ASSETS**: 26,289 91,743

### CURRENT LIABILITIES
- Trade and other payables: 13 83,686 14,047

**Total Current Liabilities**: 83,686 14,047

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

**TOTAL LIABILITIES**: 83,686 14,047

**NET ASSETS**: (57,397) 77,696

### EQUITY
- Issued capital: 14 8,690,935 8,690,935
- Reserves: 15 4,997 4,997
- Accumulated losses: - (8,753,329) (8,618,236)

**TOTAL EQUITY**: (57,397) 77,696

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

## STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2014

<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><strong>Net loss for period</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,525,567)</td>
<td>(6,525,567)</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the year</strong></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>
</tbody>
</table>

**Transactions with owners, in their capacity as owners, and other transfers**
Transfer of asset revaluation reserve to retained earnings
- - (1,046,612) 1,046,612 -
Total transactions with owners and other transfers - - (1,046,612) 1,046,612 -
**Balance 30 June 2013**
8,690,935 4,997 - (8,618,236) 77,696

**Balance 1 July 2013**
8,690,935 4,997 - (8,618,236) 77,696
Net loss for period - - - (135,093) (135,093)
Other comprehensive income for the year - - - -
Total comprehensive income for the year
8,690,935 4,997 - (8,753,329) (57,397)

**Transactions with owners, in their capacity as owners, and other transfers**
Total transactions with owners and other transfers - - - - - -
**Balance 30 June 2014**
8,690,935 4,997 - (8,753,329) (57,397)

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

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(91,417)</td>
<td>(147,202)</td>
</tr>
<tr>
<td>Interest received</td>
<td>-</td>
<td>11,361</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) operating activities</td>
<td>16</td>
<td>(91,417) (135,841)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Payments for deferred exploration expenditure</td>
<td>-</td>
<td>(338,263)</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) investing activities</td>
<td>-</td>
<td>(338,263)</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>55,000</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by/ (used in) financing activities</td>
<td>55,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Net increase/(decrease) in cash held

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>(36,417)</td>
<td>(474,104)</td>
<td></td>
</tr>
</tbody>
</table>

Cash at beginning of year

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>39,770</td>
<td>513,874</td>
<td></td>
</tr>
</tbody>
</table>

Cash at end of year

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>3,353</td>
<td>39,770</td>
<td></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

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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 2014, the Company’s balance sheet shows total assets of $26,289, total liabilities of $83,686, and a net asset deficiency of $57,397. Current assets total $26,289 and include cash assets of $3,353. Current liabilities total $83,686.

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 in the recent period the company has re-assessed its strategy for its exploration licences - see note 12 - and has also had to re-assess its financing. A set out in note 13 the company has sourced short-term working capital from a related party - the company is economically dependent on this financing source, which is available until the company can raise new finance.

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. Directors are well advanced with plans to source additional funding in the near future.

On the basis of the short term working capital provided to the company, and the plans to raise new finance, the Directors have formed the view that it is appropriate to prepare the financial report 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.

Accounting Policies

a. Income Tax

The income tax expense (income) 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. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant tax 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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.
Note 1: Statement of Significant Accounting Policies (cont)

a. Income Tax (cont)
   Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled and 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. **Classification and subsequent measurement**

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.

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.

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

Costs of site restoration are provided over the life of the project 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 local laws and regulations and clauses of the 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.

Exploration, evaluation and development expenditure incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Note 1: Statement of Significant Accounting Policies (cont)
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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the
   amortisation process and when the financial asset is derecognised.

   (ii) Financial liabilities
   Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or
   loss through the amortisation process and when the financial liability is derecognised.

Impairment
A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of
impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future
cash flows of the financial asset(s).

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to
reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of
recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off
amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no
impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company
recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been
renegotiated so the "loss events that have occurred are duly considered.

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.

e. Impairment of Assets
At each reporting date, the company assesses whether there is any indication that an asset may be impaired. The assessment
will include the consideration of external and internal sources of information. If such an indication exists, an impairment test
is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less
costs to sell and value in use, to the assets carrying amount. Any excess of the asset’s carrying amount over its recoverable
amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with
another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any
impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.
Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

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. **Fair Value of Assets and Liabilities**
The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis after initial recognition, depending in the requirements of the applicable Accounting Standard. Currently though there are no assets or liabilities measured at fair value.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuations techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.
Critical Accounting Estimates and Judgments

Key Estimates — Impairment
No impairment of assets has been identified for the year ended 30 June 2014

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


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                                         -
Rental expense on operating leases                         12,000
Depreciation                                                17,790

(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% (2013: 30%). (40,528) (1,957,670)

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 40,528 145,057

Less tax effect of:
Temporary differences between income tax and accounting
treatment of exploration and other expenditure              (101,479)

Income tax expense                                           -

The weighted average effective tax rate is                  0% 0%

The Company has unrecouped, unconfirmed carry forward tax losses of approximately $9.5 million (2013: $9.4 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.
LAKE RESOURCES NL  
ABN 49 079 471 980

Notes to the Financial Statements  
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**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:

- Peter Gilchrist: Managing Director
- James Clavarino: Exploration Director
- Ross Johnston: Non-Executive Director

(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></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees for all services</td>
<td>21,120</td>
<td>60,891</td>
</tr>
<tr>
<td>Other benefits</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

**See note 17 for other transactions with KMP.**

(c) Shareholdings

Number of shares directly held by Key Management Personnel (2014 and 2013)

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

Messrs Gilchrist and Johnston have an interest in 3,841,920 (2013: 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 (2013: 2,092,222) shares in the Company.

Mr Gilchrist is a Director of Queensland Energy Pty Ltd a company which holds 1,268,508 (2013: 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 (2013: 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 (2013: 400,000) shares in the company.
NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the Company for:
- auditing or reviewing the financial report 10,000 17,400
- other services - -

10,000 17,400

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. (135,093) (6,525,567)

(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 2014 and 2013 years.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand 3,353 39,770

3,353 39,770

The effective interest rates on short term bank deposits was Nil (2013: 2.99%); 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 3,353 39,770
Notes to the Financial Statements
for the year ended 30 June 2014

NOTE 9: TRADE AND OTHER RECEIVABLES

Current:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>21,866</td>
<td>50,234</td>
</tr>
</tbody>
</table>

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:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>1,070</td>
<td>1,371</td>
</tr>
</tbody>
</table>

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment - at cost</td>
<td>57,578</td>
<td>57,578</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(57,578)</td>
<td>(57,578)</td>
</tr>
<tr>
<td>Total Plant and Equipment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Motor vehicles - at cost</td>
<td>112,254</td>
<td>112,254</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(112,254)</td>
<td>(111,886)</td>
</tr>
<tr>
<td>Total Vehicles</td>
<td>-</td>
<td>368</td>
</tr>
<tr>
<td>Total Property, Plant and Equipment</td>
<td>-</td>
<td>368</td>
</tr>
</tbody>
</table>

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>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>VEHICLES</td>
<td>Plants &amp; Equip.</td>
<td>Total</td>
</tr>
<tr>
<td>Balance at 1 July 2013</td>
<td>368</td>
<td>368</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>(368)</td>
<td>(368)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2014</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 1 July 2012</td>
<td>17,735</td>
<td>18,158</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>(17,790)</td>
</tr>
<tr>
<td>Carrying amount at 30 June 2013</td>
<td>368</td>
<td>368</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

Movement during the year in exploration and evaluation expenditure:

At cost:
Carrying amount at beginning of year - 6,042,045
Capitalised exploration and evaluation expenditure - 338,263
Write down of discontinued exploration tenements - (2,248)
Impairment of exploration and evaluation expenditure (Note 3(b)) - (6,378,060)
Carrying amount at the end of year - -

The company holds 3 exploration licences in the region of Balochistan in Pakistan - EL 71/5468-78, EL 72/5492-5503 and EL 73/5479-91.

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. No capitalised costs (2013: $338,263) 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). During September 2013 the Directorate General of Mines and Minerals, Government of Balochistan, advised that it had cancelled the company's 3 exploration licences in Balochistan due to lack of exploration activity. The Company lodged appeals against the cancellations during the March 2014 quarter which resulted in the cancellation orders being set aside and the company's exploration licences being reinstated.

As announced by the company in May 2014, the company has entered into an Exclusivity Agreement with Colt Resources Middle East (CRME) whereby CRME can earn a majority interest in the company's licences. These negotiations remain in place at the date of signing these financial statements.

NOTE 13: TRADE AND OTHER PAYABLES

Current
Unsecured
Sundry creditors and accrued expenses 28,686 14,047
Amounts payable to related entities (a) 55,000 -

83,686 14,047

(a) This funding has been provided by 202 Limited (a director related entity and shareholder) on an unsecured, interest free basis as a short-term source of working capital. It will be repayable when the company has sourced other working capital - see note 1.
NOTE 14: ISSUED CAPITAL

70,323,026 (2013: 70,323,026) fully paid ordinary shares

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Fully paid ordinary shares</td>
<td>8,690,935</td>
<td>8,690,935</td>
</tr>
<tr>
<td>Balance at the beginning of the reporting period</td>
<td>8,690,935</td>
<td>8,690,935</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>

(a) Fully paid ordinary shares

Balance at the beginning of the reporting period: 70,323,026
Shares issued during the year: -
Balance at reporting date: 70,323,026

(b) Options

There are no options over shares

(c) Capital Management

Exploration companies such as Lake Resources NL are funded primarily by share capital. The Company’s capital comprises share capital supported by financial assets and financial liabilities. 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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,997</td>
<td>4,997</td>
</tr>
</tbody>
</table>

(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></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,997</td>
<td>4,997</td>
</tr>
</tbody>
</table>

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.
NOTE 16: CASH FLOW INFORMATION

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

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) after income tax</td>
<td>(135,093)</td>
<td>(6,525,567)</td>
</tr>
<tr>
<td>Non-cash flows in profit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>368</td>
<td>17,790</td>
</tr>
<tr>
<td>Impairment of capitalised exploration and evaluation expenditure</td>
<td>-</td>
<td>6,378,060</td>
</tr>
<tr>
<td>Write-down of capitalised exploration &amp; evaluation expenditure</td>
<td>-</td>
<td>2,248</td>
</tr>
</tbody>
</table>

Changes in operating assets and liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease/(Increase) in receivables</td>
<td>28,368</td>
<td>(5,375)</td>
</tr>
<tr>
<td>Decrease/(Increase) in prepayments</td>
<td>301</td>
<td>(120)</td>
</tr>
<tr>
<td>(Decrease)/Increase in trade creditors and accruals</td>
<td>14,639</td>
<td>(2,877)</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>(91,417)</td>
<td>(135,841)</td>
</tr>
</tbody>
</table>

NOTE 17: RELATED PARTY TRANSACTIONS

The company received funding from 202 Limited in the year - see note 13. Otherwise 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 D) of the directors report.

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

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21,120</td>
<td>39,891</td>
</tr>
</tbody>
</table>

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 ($Nil [2013: $21,000]) and for rent of premises on a monthly tenancy ($2,000 [2013: $12,000]).

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,000</td>
<td>33,000</td>
</tr>
</tbody>
</table>

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></th>
<th>2014</th>
<th>2013</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 (2013: nil), and no options are held by directors or director-related entities.
NOTE 18: 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>Rent</th>
<th>Exploration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not later than 1 year</td>
<td>16,500</td>
<td>17,150</td>
<td>33,650</td>
</tr>
<tr>
<td>later than 1 year but not later than 5 years</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total commitment</td>
<td>16,500</td>
<td>17,150</td>
<td>33,650</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>not later than 1 year</td>
<td>18,000</td>
<td>260,000</td>
<td>278,000</td>
</tr>
<tr>
<td>later than 1 year but not later than 5 years</td>
<td>18,000</td>
<td>-</td>
<td>18,000</td>
</tr>
<tr>
<td>Total commitment</td>
<td>36,000</td>
<td>260,000</td>
<td>296,000</td>
</tr>
</tbody>
</table>

See note 12 for further details on the licences.

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. See note 12 for further details on the licences.

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 bank balances, 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></th>
<th>Note</th>
<th>2014</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8</td>
<td>3,353</td>
<td>39,770</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>9</td>
<td>21,866</td>
<td>50,234</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td></td>
<td>25,219</td>
<td>90,004</td>
</tr>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at amortised cost:</td>
<td>13</td>
<td>83,686</td>
<td>14,047</td>
</tr>
<tr>
<td>Trade payables and accrued expenses</td>
<td></td>
<td>83,686</td>
<td>14,047</td>
</tr>
<tr>
<td><strong>Total Financial Liabilities</strong></td>
<td></td>
<td>83,686</td>
<td>14,047</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

Credit risk arises from the risk that a counterparty will default on obligations to the company.

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.
NOTE 20: FINANCIAL RISK MANAGEMENT (cont)

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>83,686</td>
<td>14,047</td>
<td>-</td>
</tr>
<tr>
<td>Total expected outflows</td>
<td>83,686</td>
<td>14,047</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>3,353</td>
<td>39,770</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>21,866</td>
<td>50,234</td>
<td>21,866</td>
</tr>
<tr>
<td>Total anticipated inflows</td>
<td>25,219</td>
<td>90,004</td>
<td>-</td>
</tr>
<tr>
<td>Net (outflow)/inflow on financial instruments</td>
<td>(58,467)</td>
<td>75,957</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 2014, the effect on profit and equity as a result of a 2% (2013: 2%) change in the interest rate, with all other variables remaining constant would be +/- $Nil (2013: $3,620).

Foreign Currency Risk Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of a 10% (2013: 10%) change in the value of the Pakistan Rupee, with all other variables remaining constant would be +/- $225 (2013: $60).

This exposure arises from the Pakistan Rupee bank accounts. Net exposure is PKR 210,456 (2013: PKR 55,057), 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 due to the short term nature of all these items (level 2 fair value hierarchy, observable inputs, income approach - amortised cost).

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
As set out in note 1 the company continues to assess strategies for finance and its exploration licences.

The financial report was authorised for issue on 29 September 2014.

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).

As set out in note 13 the company is economically dependent on 202 Limited for provision of working capital.
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>Region</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>-</td>
<td>11,361</td>
</tr>
<tr>
<td>Pakistan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>-</td>
<td>11,361</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>Region</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1,934</td>
<td>41,282</td>
</tr>
<tr>
<td>Pakistan</td>
<td>24,355</td>
<td>50,461</td>
</tr>
<tr>
<td>Total assets</td>
<td>26,289</td>
<td>91,743</td>
</tr>
</tbody>
</table>

(d) Major customers
All revenue in the prior year 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

Accounting Standards and Interpretations issued by the AASB that are relevant but not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

* AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes made to AASB 9 that may affect the company on initial application of this Standard and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

This Standard is not expected to impact the company's financial statements.

* AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to impact the company’s financial statements.

* Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the company’s financial statements.

* AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company’s financial statements.
The shareholder information set out below was applicable as at 15 September 2014.

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>Investors</th>
<th>Percentage of Issued Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC CUSTODY NOMINEES (AUST) LTD</td>
<td>9,332,000</td>
<td>13.27%</td>
<td></td>
</tr>
<tr>
<td>KHATTAR CAPITAL INTERNATIONAL PTE LTD</td>
<td>5,000,000</td>
<td>7.11%</td>
<td></td>
</tr>
<tr>
<td>CITICORP NOMINEES PTY LIMITED</td>
<td>4,666,000</td>
<td>6.64%</td>
<td></td>
</tr>
<tr>
<td>KEMKAY PTY LTD</td>
<td>3,841,920</td>
<td>5.46%</td>
<td></td>
</tr>
<tr>
<td>BUSHFLY AIR CHARTER PTY LTD</td>
<td>3,290,020</td>
<td>4.68%</td>
<td></td>
</tr>
<tr>
<td>LAWNBET PTY LTD</td>
<td>2,400,000</td>
<td>3.41%</td>
<td></td>
</tr>
<tr>
<td>INVIA CUSTODIAN PTY LIMITED</td>
<td>2,346,705</td>
<td>3.34%</td>
<td></td>
</tr>
<tr>
<td>TRENLIN PTY LIMITED</td>
<td>2,092,222</td>
<td>2.98%</td>
<td></td>
</tr>
<tr>
<td>BENSONS OF BRISBANE PTY LTD</td>
<td>2,000,000</td>
<td>2.84%</td>
<td></td>
</tr>
<tr>
<td>ROBERT TAN KAH BOH</td>
<td>2,000,000</td>
<td>2.84%</td>
<td></td>
</tr>
<tr>
<td>CHNG SENG CHYE</td>
<td>2,000,000</td>
<td>2.84%</td>
<td></td>
</tr>
<tr>
<td>JG CLAVARINO</td>
<td>1,549,400</td>
<td>2.20%</td>
<td></td>
</tr>
<tr>
<td>LILIANA TEOFILOVA</td>
<td>1,540,845</td>
<td>2.19%</td>
<td></td>
</tr>
<tr>
<td>CORPORATE PROPERTY SERVICES PTY LTD</td>
<td>1,509,840</td>
<td>2.15%</td>
<td></td>
</tr>
<tr>
<td>QLD ENERGY PTY LTD (QEM SUPERANNUATION FUND)</td>
<td>1,268,508</td>
<td>1.80%</td>
<td></td>
</tr>
<tr>
<td>CALAMA HOLDINGS PTY LTD</td>
<td>1,235,608</td>
<td>1.76%</td>
<td></td>
</tr>
<tr>
<td>OCTIFIL PTY LTD</td>
<td>1,055,600</td>
<td>1.50%</td>
<td></td>
</tr>
<tr>
<td>JAN MUHAMMED</td>
<td>1,000,000</td>
<td>1.42%</td>
<td></td>
</tr>
<tr>
<td>PAUL RAYMOND FROST</td>
<td>800,000</td>
<td>1.14%</td>
<td></td>
</tr>
<tr>
<td>IANAKI SEMERDZIEV</td>
<td>761,000</td>
<td>1.08%</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL FOR TOP 20 SHAREHOLDERS: 49,689,668 70.66%

TOTAL OTHER INVESTORS SHAREHOLDINGS 20,633,358 29.34%

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</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>145</td>
<td>1,281,705</td>
<td>1.82%</td>
</tr>
<tr>
<td>10001 to 10000</td>
<td>253</td>
<td>7,504,161</td>
<td>10.67%</td>
</tr>
<tr>
<td>100001 and Over</td>
<td>60</td>
<td>61,290,534</td>
<td>87.16%</td>
</tr>
<tr>
<td>Total</td>
<td>545</td>
<td>70,323,026</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

(b) The number of security investors holding less than a marketable parcel of 100,000 securities ($0.005 on 6.6.2014) is 480, and they hold 8,532,492 securities.
3. Substantial Shareholders

The following details of substantial shareholders listed in the company's register at 15 September 2014 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. Register of securities are held at the following address:

Link Market Services Ltd
Level 12 or Locked Bag A14
300 Queen Street
BRISBANE QLD 400
Telephone No. (07) 3320-2232
Telephone No. (02) 820 7454

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 2014

<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".