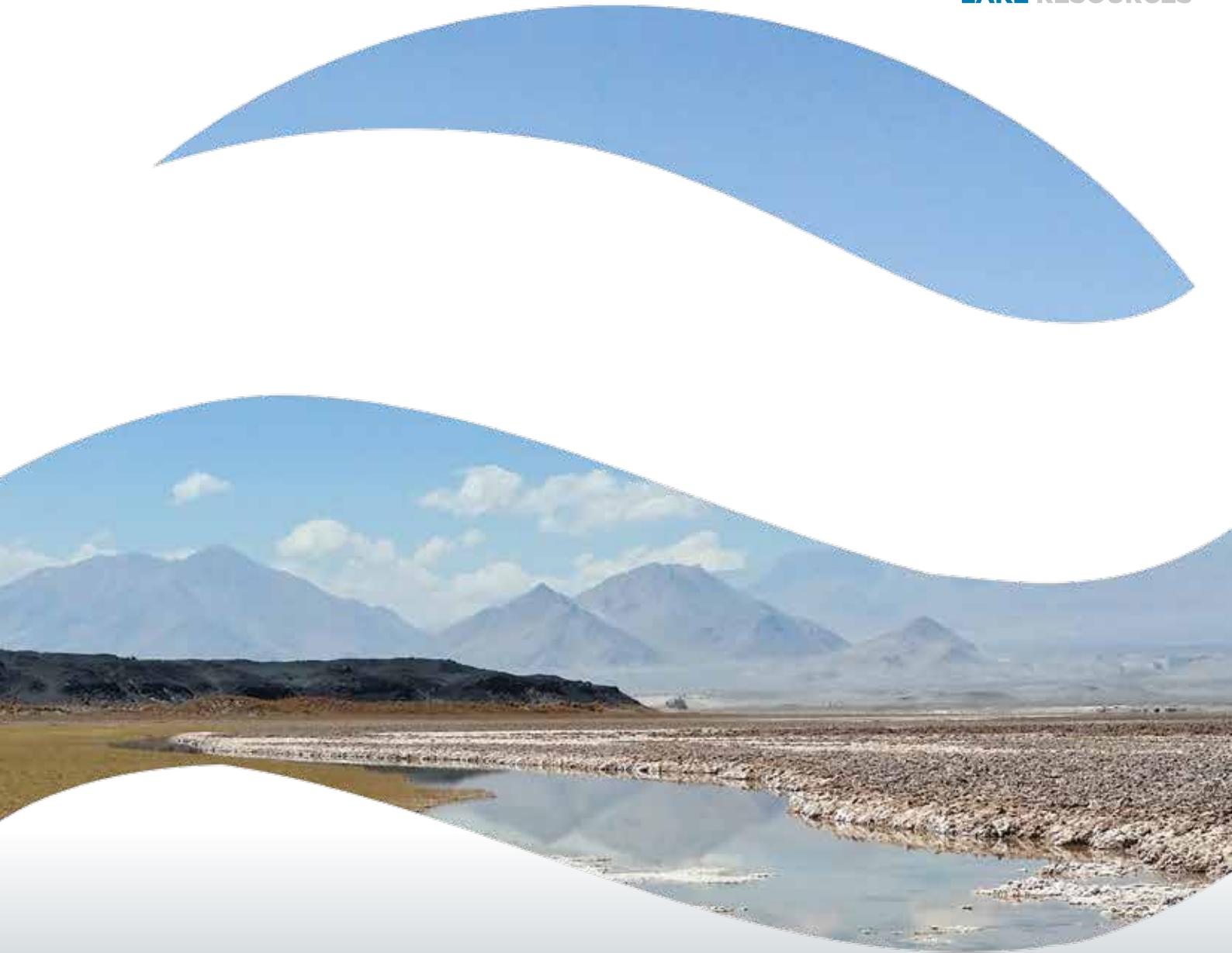




LAKE RESOURCES

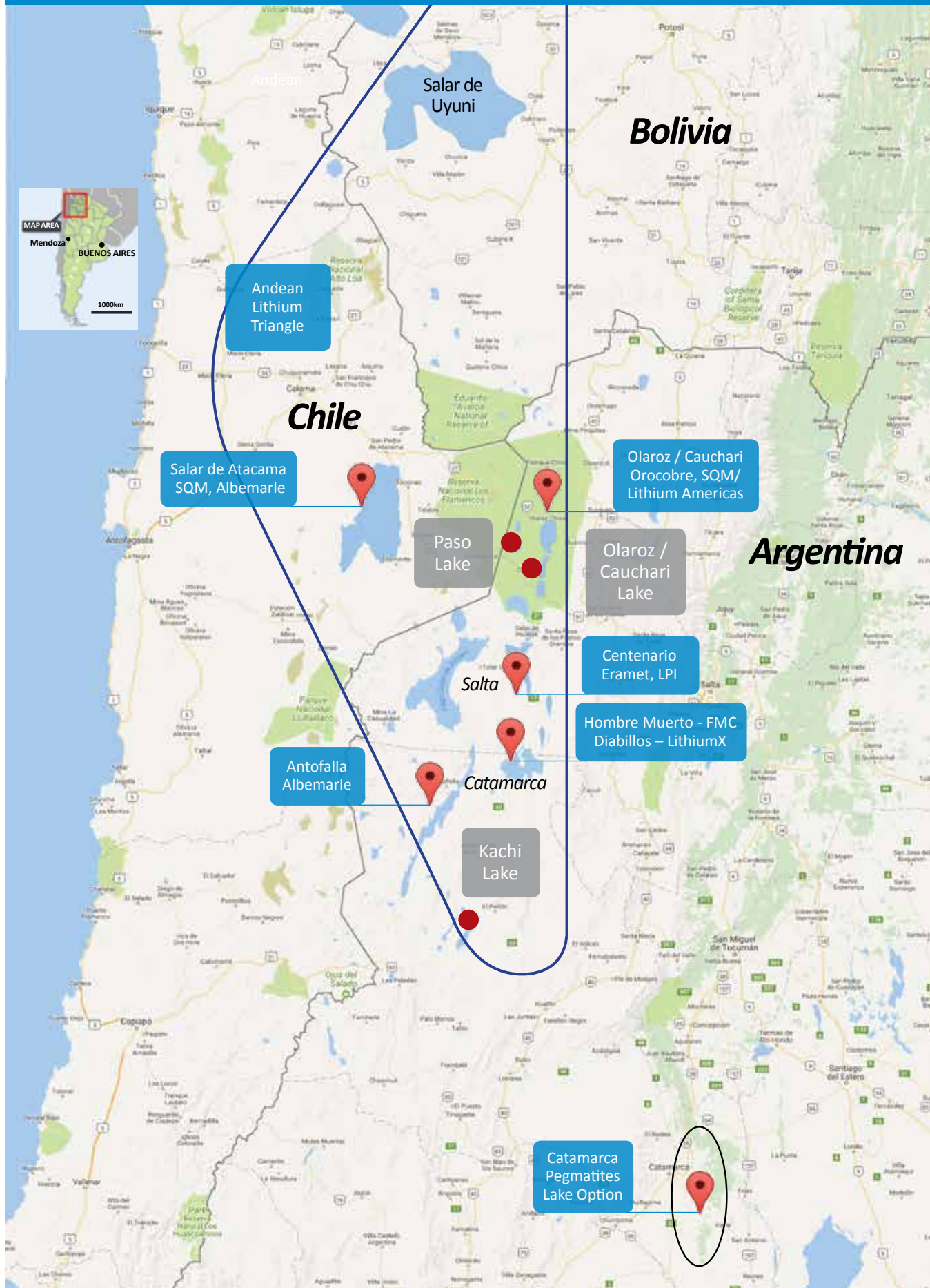


LAKE RESOURCES

Annual Report 2017



LAKE RESOURCES PROJECTS



100km

● Lake Resources Projects

| | |
|-----------------------------|--|
| Directors | Stuart Crow – Non-Executive Chairman Steve Promnitz - Managing Director Nicholas Lindsay - Non-Executive Director |
| Company Secretary | Andrew Bursill |
| Registered Office | Suite 2, Level 10 70 Phillip Street Sydney NSW 2000 Tel. +61 2 9299 9690 Fax. +61 2 9251 7455 |
| Principal Place of Business | Suite 2, Level 10 70 Phillip Street Sydney, NSW 2000 |
| Share Register | Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel. +61 2 8280 7111 Fax. +61 2 9287 0303 |
| Auditors | Nexia Brisbane Audit Pty Ltd |
| Solicitors | Hopgood Ganim |
| Bankers | National Australia Bank |
| Stock Exchange Listing | Lake Resources NL shares are listed on the Australian Securities Exchange (ASX code: LKE) |
| Website | www.lakeresources.com.au |

CHAIRMANS REPORT

Dear Shareholders,

On behalf of the Board of Directors it is our pleasure to present the 2017 annual report for Lake Resources N.L. (“Lake Resources” or “Company”).

This past year has been a year of positives for Lake Resources as it has undertaken a new direction with a focus on lithium, and a return to South America, particularly Argentina.

Your Company has been fortunate in securing four prime lithium projects, well located in the Lithium Triangle of South America. The acquisition of Lith NRG Pty Ltd, announced in May 2016 and finalised in November last year, has delivered a new future; and given its presence in South America, your Company continues to consider other opportunities in the region.

Increased global awareness of Argentina as an investment destination has continued after a change in the Argentine Government in December 2015, which was the catalyst for the consideration of a return to the country by the board of Lake Resources, together with renewed market interest in lithium.

A massive and fundamental step change in lithium demand is underway driven by increasing demand in electric vehicles, especially in East Asia and Europe, together with clean energy legislative changes globally. The lithium ion battery technology has been accepted globally as the industry standard in electric vehicles, with a wide uptake across many other sectors. This is supported by continuous and dramatic improvement in recharge times and power, which together with reduced battery prices, has helped lithium batteries and electric vehicles pass a key inflection point in uptake.

Your Company’s aim is to benefit from this uptake in lithium batteries by holding and developing prime lithium properties and expanding contact with the downstream battery producers to assist in the development of the projects.

Increasing global awareness of your Company and its four projects has been a key part of engaging with the downstream sector. These efforts are attracting interest from international investors and industry participants.

Enabling the development of the lithium projects is an experienced team on the ground, familiar with lithium brine and hard rock projects, together with a capable local legal/commercial team to ensure success.

I would like to thank shareholders for their support, both past and new, and also thank the management and staff for efforts over the past year. I welcome the new directors with skills well positioned for the new focus on lithium and thank the past directors for their care of the Company and shareholders.

In the coming year, I look forward to being able to report significant activity on the ground across a number of projects with some exciting developments. This should deliver a number of catalysts for a market rerating as positive news flow continues.

Regards



Stu Crow
Chairman

MANAGING DIRECTOR'S REPORT

Dear Shareholders,

Lake Resources has acquired and is advancing four prime lithium projects in the north west of Argentina, which is part of an area where half the world's lithium is produced and at the lowest operating costs. As a result, the Company now holds one of the largest lithium property holdings on the ASX with approximately 170,000 Ha selected prior to the recent heightened interest in lithium and Argentina.

Importantly, these areas are 100% owned which allows greater flexibility for development and avoids expensive future payments to third parties that many other participants face in the sector. This includes three (3) lithium brine projects in Jujuy and Catamarca provinces, which are located in an area where there is substantial development and existing production by major lithium players. The Company also holds an option, recently extended, over one large hard rock pegmatite project in Catamarca with considerable potential for a series of discoveries. During the past year, all of these properties have been advanced and consolidated, especially in Catamarca province, known for its mining history.

Drilling is about to commence over the exciting Kachi Lithium Brine Project in Catamarca, which displays the potential for a major new discovery. Kachi is located over the salt lakes in the deepest part of a large basin (over 80 km long). The lease holdings have been consolidated over a large area of more than 50,000 Ha. Surface sampling has revealed positive lithium results which will be expanded through the drilling program and geophysics, which is anticipated to lead to an initial resource and a scoping study, followed by a pre-feasibility study if results continue to be promising.

Lake Resources, and its Argentine subsidiary, Morena del Valle Minerals SA, has a focus on an inclusive approach with local communities and tourism in the area, together with appropriate environmental management. This approach together with positive lithium values has resulted in the Kachi Project being selected by the Province of Catamarca to be accelerated, together with a select few energy and mining projects in the province, to ensure appropriate development aligned with sustainable policies of the government.

To this end, a Letter of Intent was signed with the provincial authorities to facilitate the project through various permitting stages in exploration and development to production which bodes well for the future. The agreement should enable a stream-lined approach as we move to further drill holes and pump tests, environmental and community baseline studies and pilot plant.

The two lithium brine projects in Jujuy have progressed through key permitting stages and once access is granted, should deliver significant rewards as the Olaroz/Cauchari applications appear to cover the same aquifers that are already producing or being developed by other companies in the sector. In the hard rock pegmatite project, further field sampling should enable the zeroing in on key lithium bearing spodumene targets within the pegmatite belt, which extends over 150 km. It should result in a decision being made on the option agreement over these areas.

It is the Company's strategy to unlock deep value for shareholders within all of the project areas, through positive drilling results. Continued discussions and agreements with potential offtake partners would enable further value to be realised: large corporate deals have occurred nearby, which has triggered substantial interest in the Company's projects.

An experienced board with Spanish speaking directors familiar with the technical and legal aspects of operating in South America, and a strong and expanding team in country are significant Company assets

and a competitive advantage in progressing its lithium portfolio and in delivering ever increasing value to shareholders.

The next key milestones will be drilling results, followed by a maiden resource, scoping study, further approvals and increased access leading to major discoveries and a rerating of the Company's shares. Each of the four projects has the potential to becoming a company maker.

Regards



Steve Promnitz
Managing Director

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lake Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The following persons were directors of Lake Resources NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

S. Crow (Non-Executive Chairman - appointed 14 November 2016)
S. Promnitz (Managing Director - appointed 14 November 2016)
N. Lindsay (Non-Executive Director - appointed 18 July 2017)
P.J. Gilchrist (resigned 18 July 2017)
R Johnston (resigned 14 November 2016)
J.G. Clavarino (resigned 14 November 2016)

PRINCIPAL ACTIVITIES

The principal activities of the entities within Lake Resources NL (Lake) are:

- Exploration and development of lithium brine projects and lithium hard rock projects
- Exploration for minerals.

During the year ended 30 June 2017, Lake completed the acquisition of unlisted company LithNRG Pty Ltd, that controls two Argentine subsidiaries with lithium brine projects in Argentina, and entered into an option agreement with Petra Energy SA, to be fully paid in LKE script, over a large block of mining leases and exploration applications over potential lithium bearing pegmatites. Exploration commenced over these projects where access has been granted, further leases have been added to consolidate ownership and other applications have been advanced towards gaining access.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

REVIEW OF RESULTS AND OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$1,170,745 (30 June 2016: \$41,682).

Corporate

The Company has embarked this financial year on a new future focused on well positioned lithium brine projects and hard rock (pegmatite) projects in Argentina with four separate projects, each with potential to be a substantial stand alone development project, or colloquially, each "a company maker". Lake holds one of the largest lease holdings of lithium brine and hardrock projects of a listed entity on the ASX.

The Company completed a transaction on 14 November 2016 which acquired the unlisted company LithNRG Pty Ltd, with well-located prime lithium brine projects in three large packages of tenement applications (over 90,000 Ha) around salt lakes in North West Argentina. The transaction was announced on 25 May 2016 and approved by shareholders on 4 October 2016 regarding an agreement over a large lithium brine property portfolio that had been established over a ten-month period, prior to the recent 'rush' by majors into Argentina driven by improved market support for lithium, proven prospectivity in Argentina and a recently improved foreign investment climate.

The terms were detailed in the Notice of Annual General Meeting and Explanatory Statement released on 1 September 2016. Securities, both shares and options, were issued in stages as vendor consideration for the acquisition. 50 million LKE shares, together with three tranches of performance rights (50 million in total) with attached options (25 million at \$0.05, 18 month's expiry) were to vest upon completion of three milestones. 25 million performance rights were cancelled, together with 12.5 million options, as one of the milestones was not reached. One remaining tranche of shares and options remains to be issued upon completion of the last milestone.

Lake controls 100% the subsidiary LithNRG Pty Ltd with its Argentine subsidiaries, Minerales Australes SA and Morena del Valle Minerals SA.

The Company has also entered into an option agreement Petra Energy SA, to be fully paid in LKE script, over a large block of approximately 72,000 Ha of exploration leases and mining leases and applications over potential lithium bearing pegmatites and pegmatite swarms. The transaction was announced on 1 March 2017 and the first tranche of 1,000,000

LKE shares was issued. The option agreement was for six months and has been extended under the same terms by 120 days to allow completion of the formation of the Argentine entity. The lithium pegmatites are part of a newly recognised 150km long belt of pegmatite swarms outcropping at relatively low altitudes (300-1500m) in Ancasti, Catamarca province, which has good year-round access.

A committed placement of \$0.5 million (25 million LKE shares at \$0.02) was completed in November 2016 as part of the transaction to acquire LithNRG Pty Ltd announced in May 2016 at a significant premium to the share price at the time and approved by shareholders on 4 October 2016. A capital raising of \$1.05 million (16 million LKE shares at \$0.065) by way of a private placement to sophisticated and professional investors was completed on 20 December 2016, with a further capital raising of \$1.2 million (22 million LKE shares at \$0.05) with 12 million attached listed options at \$0.10 (18 mth expiry) completed on 27 February 2017. 2 million LKE shares and 7.35 million listed options at \$0.10 were issued to service providers, financial arrangers and intermediaries.

The Company had 227,493,026 shares on issue at 30 June 2017, with 19,350,000 listed options at \$0.10 (expiry Aug 2018) and 31,250,000 unlisted options at \$0.05 and 1,539,250 unlisted options at \$0.10, with an option agreement which, if exercised, would result in an issuance of 19,000,000 LKE shares.

Operations

Argentina

Kachi Lithium Brine Project - Catamarca Province, Argentina

An exploration programme commenced over a large area (approximately 52,000 Ha) of lithium brine mining leases and lease applications in the Kachi Lithium Brine Project in Catamarca province, Argentina. Leases are being progressively granted and are held by the Argentine subsidiary Morena del Valle Minerals SA. An additional 3,900 hectares of leases have been acquired contiguous to the area of active exploration, together with new applications during the year to consolidate the project's lease holdings.

The Kachi Lithium Brine Project is located in Catamarca province, approximately 100km south of FMC's Hombre Muerto Lithium brine operation in production. The Project overlies an area of leases and lease applications centred around a salt lake within a large basin almost 100km long. This area has been recently recognised as a potential lithium brine bearing basin.

The initial surface auger sampling programme over the salt lakes within the current Lake leases. Initial results were encouraging, released in February 2017 up to 322 mg/L Lithium. An all year-round exploration camp was established together with access and provision of increased fresh water and power. Further reports have been submitted which included environmental management and local community engagement.

It is anticipated that drilling and geophysics will commence soon to advance the project through a scoping study and an initial resource.

Olaroz/Cauchari & Paso Lithium Brine Projects - Jujuy Province, Argentina

Lake holds mining lease applications over almost 45,000 hectares in two areas in Jujuy Province, in NW Argentina.

The leases cover areas in and around Orocobre Limited, currently in production, and SQM / Lithium Americas Corporation, currently developing a project towards production in the Cauchari/Olaroz basin in Jujuy Province, Argentina. Although data is limited within the properties, the tenements may cover potential extensions to the Cauchari/Olaroz projects with potential extensions to aquifers.

The initial applications from March 2016 were advanced in May 2017 after a successful appeal process. Most of the areas were reapplied for in November after a moratorium was lifted to maintain the company's rights to the areas. The application process is anticipated to progress in 2017/18. Leases/applications are held 100% through Lake's local subsidiaries.

Exploration will commence as soon as access is available to the areas. Substantial ground geophysics and drilling has been completed in the surrounding leases at Olaroz/Cauchari.

Significant corporate transactions continue in adjacent leases with the development of SQM/Lithium Americas Olaroz/Cauchari project with an equity/debt investment over \$300 million and Advantage Lithium's equity transaction in some of Orocobre's leases. LSC Lithium has also raised over \$60 million on a large lease package in similar areas as Lake's properties.

Catamarca Hardrock Pegmatite Project – Catamarca Province, Argentina

Lake holds an option over exploration leases and mining leases and applications over almost 72,000 hectares in a 150km

long belt of outcropping pegmatites with lithium potential as spodumene within Catamarca Province, in NW Argentina. Initial results have been encouraging with potential for a substantial new lithium pegmatite target.

Pakistan Copper/Gold

Lake holds an interest in a copper-gold project, the Chagai Project, in Pakistan. The Chagai Project is situated in the Tethyan magmatic arc, which extends from Turkey, through Iran into Pakistan and hosts a number of world-class copper gold deposits including the Saindak copper-gold mine and the giant Reko Diq copper-gold deposits.

Colt Resources Middle East (CRME) and Aamir Resources Consultants, CMRE can earn a majority interest in the Chagai project through exploration expenditure of US\$1.9 million by 2018. Lake Resources 27.5% interest in Chagai Resources (Pvt) Limited, a Pakistan incorporated operating entity, is held through a wholly owned Pakistan incorporated subsidiary, Lake Mining Pakistan (Pvt) Limited. During the half year under review, no significant exploration activities were undertaken by Chagai Resources pending approval of government security clearances for key personnel. The agreement was extended to allow for further exploration.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 14 November 2016, Lake announced it had completed the acquisition of 100% of LithNRG Pty Ltd and the mining leases and applications over potential lithium brine projects in Argentina. Equity in Lake (shares and options) had been issued in consideration together with future tranches on completion of certain milestones.

Equity was raised via private placement at completion (\$0.5 million) and in December (\$1.05 million) to assist the exploration campaign in Argentina, retire debt in LithNRG Pty Ltd and for working capital requirements and corporate costs associated with the transaction.

The configuration and skill sets of the board were adjusted to reflect the change in focus to lithium in South America.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

| | |
|--------------------------------------|---|
| Name: | Stuart Crow (appointed 14 November 2016) |
| Title: | Non-Executive Chairman |
| Experience and expertise: | Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, salary packaging and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses. |
| Other current directorships: | TNG Limited (ASX: TNG), Todd River Resources Limited (ASX: TRT) and Ironridge Resources Limited (AIM listed) |
| Former directorships (last 3 years): | None |
| Interests in shares: | 1,597,100 Shares |
| Interests in options: | 937,500 Options |
| Interests in rights: | 1,312,500 Performance Rights |

Name: Stephen Promnitz (appointed 14 November 2016)
 Title: Managing Director
 Experience and expertise: Mr Promnitz has considerable technical and commercial experience in Argentina, a geologist fluent in Spanish, and a history of exploring, funding and developing projects. Mr Promnitz has previously been CEO and 2IC of mid-tier listed mineral explorers and producers (Kingsgate Consolidated, Indochine Mining), in corporate finance roles with investment banks (Citi, Westpac) and held technical, corporate and management roles with major mining companies (Rio Tinto/CRA, Western Mining).

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 6,255,078 Shares
 Interests in options: 3,753,048 Options
 Interests in rights: 8,751,015 Performance Rights

Name: Dr Nick Lindsay (appointed 18 July 2017)
 Title: Non-Executive Director
 Experience and expertise: Nick has over 25 years' experience in Argentina, Chile and Peru in technical and commercial roles in the resources sector with major and mid-tier companies, as well as start-ups. Nick has an BSc (Hons) degree in Geology, a PhD in Metallurgy and Materials Engineering as well as an MBA. A fluent Spanish speaker, he has successfully taken companies in South America, such as Laguna Resources which he led as Managing Director, from inception to listing, development and subsequent acquisition. Mr Lindsay is currently CEO of Manuka Resources Ltd, an unlisted company, having previously held the position of President – Chilean Operations for Kingsgate Consolidated Ltd and is a member of the AusIMM and the AIG

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: None
 Interests in options: None
 Interests in rights: None

Name: Peter J. Gilchrist (resigned 18 July 2017)
 Title: Executive Director
 Qualifications: B.Eng(Civil), M.Eng Sc, MBA.
 Experience and expertise: 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.

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 21,104,048 Shares (as at date of resignation)
 Interests in options: None (as at date of resignation)
 Interests in rights: None (as at date of resignation)

Name: Ross Johnston (resigned 14 November 2016)
 Title: Independent Director
 Qualifications: B.Com, FCA
 Experience and expertise: 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.

Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 4,000,000 Shares (as at date of resignation)
 Interests in options: None (as at date of resignation)
 Interests in rights: None (as at date of resignation)

Name: James G. Clavarino (resigned 14 November 2016)
 Title: Executive Director
 Qualifications: FRMIT (Geology) MAIMM, MMICA.
 Experience and expertise: Mr Clavarino has worked as a mineral exploration geologist for over 35 years in Australia and many parts of the world, with considerable experience as a director of mineral exploration companies.
 Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: 3,661,400 (as at date of resignation)
 Interests in options: None (as at date of resignation)
 Interests in rights: None (as at date of resignation)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Andrew Bursill became Company Secretary on 14 November 2016. Mr Bursill currently holds the position of Company Secretary for a number of publicly listed companies and has experience in accounting, administration, capital raisings and ASX compliance and regulatory requirements. The company secretary was Peter Gilchrist until 14 November 2016.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

| | Full Board | |
|----------------|------------|------|
| | Attended | Held |
| S. Crow | 6 | 6 |
| S. Promnitz | 6 | 6 |
| P.J. Gilchrist | 2 | 8 |
| R. Johnston | 2 | 2 |
| J.G. Clavarino | 2 | 2 |

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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 Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. The Group did not utilise the services of remuneration consultant for the year.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

As the Group has no full time employees, contract services are engaged for executive directors (KMP's) who are remunerated with cash consideration. For 2016, no remuneration has been paid as the Group restructured and recapitalised.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board of Directors based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Long Term Incentive (LTI) Plan

At the 2016 Annual General Meeting, the shareholders of the Company approved the Long Term Incentive (LTI) Plan. The main purpose of the plan is to give incentives to eligible participants (or their nominee) to provide dedicated and ongoing commitment and effort to the Company aligning the interest of both employees and shareholders and for the Company to reward eligible employees for their effort. The LTI Plan contemplates the issue to eligible employees of performance rights which may have milestones.

Under the Plan, the Company allocated 8.5 million performance rights to two Directors, Mr Steve Promnitz (7.5 million) and Mr Stuart Crow (1 million). The performance shares were issued at nil consideration.

Mr Promnitz's performance shares vest on the following performance criteria:

- a) a third vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications;
- b) a third vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications;
- c) a third vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time.

Mr Crow's performance shares vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

At the 2016 AGM, in excess of 75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Lake Resources NL:

- S. Crow (Non-Executive Chairman - appointed 14 November 2016)
- S. Promnitz (Managing Director - appointed 14 November 2016)
- P.J. Gilchrist
- R Johnston (resigned 14 November 2016)
- J.G. Clavarino (resigned 14 November 2016)

And the following person:

- Andrew Bursill - Company Secretary

Changes since the end of the reporting period:

On 18 July 2017, Dr Nick Lindsay was appointed as a Non-Executive Director of the Company.

On 18 July 2017, Peter Gilchrist resigned as a Director of the Company.

| | Short-term benefits | | Post-employment benefits | Long-term benefits | | | Total \$ |
|--|----------------------------|------------------|-----------------------------------|-----------------------|--------------------------|--------------------------|----------------|
| | Cash salary and fees \$ | Cash bonus \$ | Non-monetary ⁽³⁾ \$ | Super-annuation \$ | Long service leave \$ | Performance Rights \$ | |
| 2017 | | | | | | | |
| <i>Non-Executive Directors:</i> | | | | | | | |
| S. Crow ⁽¹⁾ | 14,000 | - | - | - | - | 55,000 ⁽⁴⁾ | 69,000 |
| R. Johnson ⁽²⁾ | - | - | - | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | | |
| S. Promnitz ⁽¹⁾ | 153,590 | - | 4,430 | 13,077 | - | 412,500 ⁽⁴⁾ | 583,597 |
| P.J. Gilchrist | - | - | - | - | - | - | - |
| J.G. Clavarino ⁽²⁾ | - | - | - | - | - | - | - |
| <i>Other Key Management Personnel:</i> | | | | | | | |
| Andrew Bursill ⁽¹⁾ | - | - | - | - | - | - | - |
| | <u>167,590</u> | <u>-</u> | <u>4,430</u> | <u>13,077</u> | <u>-</u> | <u>467,500</u> | <u>652,597</u> |

(1) appointed 14 November 2016

(2) resigned 14 November 2016

(3) includes provision for annual leave

(4) The performance shares for Mr Promnitz and Mr Crow were valued at \$467,500 based on the closing share price of \$0.055 when the performance shares were granted 14 Nov 16.

During the year, the consolidated entity paid Salaris Consulting Pty Ltd, a company associated with Stuart Crow (Director), consultancy services relating to capital raising. Total fees paid (excluding GST) to Salaris Consulting Pty Ltd for the consultancy services was \$28,160 (2016: nil).

During the year, the Company engaged Franks & Associates Pty Ltd, a company associated with Andrew Bursill (Company Secretary) to provide company secretarial and accounting services. Total fees paid (excluding GST) to Franks & Associates Pty Ltd during the year was \$81,890 (2016: nil).

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

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

These services are provided in normal commercial terms and conditions and no more favourable than those provided by other parties with the exception of Trenlin Pty Ltd and Argent Resources Pty Ltd in which the services were provided for nil consideration.

| 2016 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total |
|---------------------------------|----------------------|------------|--------------|--------------------------|--------------------|----------------------|-------|
| | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation | Long service leave | Equity-settled | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Non-Executive Directors:</i> | | | | | | | |
| R. Johnston | - | - | - | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | | |
| J. Clavarino | - | - | - | - | - | - | - |
| P. Gilchrist | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|--|--------------------|------|---------------|------|---------------|------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| <i>Non-Executive Directors:</i> | | | | | | |
| S. Crow | 20% | - | - | - | 80% | - |
| R. Johnston | - | - | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | |
| S. Promnitz | 29% | - | - | - | 71% | - |
| J.G. Clavarino | - | - | - | - | - | - |
| P.J. Gilchrist | - | - | - | - | - | - |
| <i>Other Key Management Personnel:</i> | | | | | | |
| Andrew Bursill | - | - | - | - | - | - |

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|----------------------|--|
| Name: | S. Promnitz |
| Title: | Managing Director |
| Agreement commenced: | 14 November 2016 |
| Term of agreement: | Initial salary of \$250,000 per annum (including superannuation), with a review point scheduled for 12 months from commencement date, subject to satisfactory performance. Incentive of 7,500,000 performance rights as approved by shareholders on 4 October 2016. If notice given by Company, the Company shall be liable to pay full compensation for a six month notice period. If notice is given by Mr Promnitz, the notice period is three months. Company shall have the right to choose whether Mr. Promnitz work his notice or paid in lieu of notice. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

The service conditions of the executive directors, Mr Peter Gilchrist and Mr Jim Clavarino were not formalised in contracts. Mr Jim Clavarino resigned on 14 November 2016.

Non-executive director arrangements

Non-executive directors receive a board fee. The board fee for each non-executive director is currently at \$25,000 per annum.

All non-executive directors enter into an agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2017.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Grant date | Vesting date and exercisable date | Expiry date | Fair value per right at grant date |
|------------------|-----------------------------------|------------------|------------------------------------|
| 14 November 2016 | See Tranche 1 below * | 14 November 2021 | \$0.055 |
| 14 November 2016 | See Tranche 2 below ** | 14 November 2021 | \$0.055 |
| 14 November 2016 | See Tranche 3 below *** | 14 November 2021 | \$0.055 |

* Tranche 1 - Vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications

** Tranche 2 - Vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications

*** Tranche 3 - Vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number shares on issue at the time.

| Name | Number of rights granted | Grant date | Vesting date and exercisable date | Expiry date | Fair value per right at grant date |
|----------------|--------------------------|------------------|-----------------------------------|------------------|------------------------------------|
| Stuart Crow | 1,000,000 | 14 November 2016 | See Tranche 3 *** | 14 November 2021 | \$0.055 |
| Steve Promnitz | 2,500,000 | 14 November 2016 | See Tranche 1 * | 14 November 2021 | \$0.055 |
| Steve Promnitz | 2,500,000 | 14 November 2016 | See Tranche 2 ** | 14 November 2021 | \$0.055 |
| Steve Promnitz | 2,500,000 | 14 November 2016 | See Tranche 3 * | 14 November 2021 | \$0.055 |

* Tranche 1 - Vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications

** Tranche 2 - Vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications

*** Tranche 3 - Vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number shares on issue at the time.

Performance rights granted carry no dividend or voting rights.

The fair value of the rights are based on the market value of the shares as at the date of grant.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

| Name | Number of rights granted during the year 2017 | Number of rights granted during the year 2016 | Number of rights vested during the year 2017 | Number of rights vested during the year 2016 |
|----------------|---|---|--|--|
| Stuart Crow | 1,000,000 | - | - | - |
| Steve Promnitz | 7,500,000 | - | - | - |

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

| Name | Value of rights granted during the year \$ | Value of rights vested during the year \$ | Value of rights lapsed during the year \$ | Remuneration consisting of rights for the year % |
|----------------|--|---|---|--|
| Stuart Crow | 55,000 | - | - | 80% |
| Steve Promnitz | 412,500 | - | - | 71% |

Additional information

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

| | 2013 \$ | 2014 \$ | 2015 \$ | 2016 \$ | 2017 \$ |
|--------------------------------|-----------|----------|---------|---------|-----------|
| Revenue | 11,361 | - | - | - | - |
| Net Loss | 6,525,567 | 135,093 | 88,420 | 41,682 | 1,170,745 |
| Net Assets | 77,696 | (57,397) | 109,713 | 68,031 | 3,228,950 |
| Share Price at Year End (cent) | 1 | 1 | 1 | 1 | 3 |

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ Other * | Balance at the end of the year |
|---|----------------------------------|----------------------------------|-----------|--------------------|--------------------------------|
| Ordinary shares | | | | | |
| S. Crow (appointed 14 November 2016) ** | 1,284,600 | - | - | 312,500 | 1,597,100 |
| S. Promnitz (appointed 14 November 2016) ** | 5,004,062 | - | - | 1,251,016 | 6,255,078 |
| R Johnston (resigned 14 November 2016) | 4,000,000 | - | - | (4,000,000) | - |
| J.G. Clavarino (resigned 14 November 2016) | 3,661,400 | - | - | (3,661,400) | - |
| A. Bursill (appointed 14 November 2016) ** | - | - | - | - | - |
| | <u>13,950,062</u> | <u>-</u> | <u>-</u> | <u>(6,097,884)</u> | <u>7,852,178</u> |

* Other represents conversion of performance rights, and the balance of shares at date of resignation.

** Represents balance at date of appointment

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

Mr Gilchrist has an interest, through a close family member, in 2,790,730 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which held 4,000,000 shares in the Company at the time of Mr Johnston's resignation.

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

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|--|--|----------|-----------|---------------------------------|--------------------------------------|
| <i>Options over ordinary shares</i> | | | | | |
| S. Crow (appointed 14 November 2016) * | 1,250,000 | - | - | (312,500) | 937,500 |
| S. Promnitz (appointed 14 November 2016) * | 5,004,064 | - | - | (1,251,016) | 3,753,048 |
| | <u>6,254,064</u> | <u>-</u> | <u>-</u> | <u>(1,563,516)</u> | <u>4,690,548</u> |

* Represents balance at date of appointment

No other directors and key management personnel holds option in the company,

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted as remuneration | Converted to shares | Expired/ forfeited/ other | Balance at the end of the year |
|--|--|-------------------------------|------------------------|---------------------------------|--------------------------------------|
| <i>Performance rights over ordinary shares</i> | | | | | |
| S. Crow (appointed 14 November 2016) * | 1,250,000 | 1,000,000 | (312,500) | (625,000) | 1,312,500 |
| S. Promnitz (appointed 14 November 2016) * | 5,004,062 | 7,500,000 | (2,502,031) | (1,251,016) | 8,751,015 |
| | <u>6,254,062</u> | <u>8,500,000</u> | <u>(2,814,531)</u> | <u>(1,876,016)</u> | <u>10,063,515</u> |

* Represents balance at date of appointment

No other directors and key management personnel holds performance rights in the company,

There have been no other transactions involving equity instruments apart from those described in the tables relating to options, right and shareholdings

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Lake Resources NL under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------------|------------------|----------------|---------------------|
| 14 November 2016 | 4 April 2018 | \$0.05 | 37,500,000 |
| 14 November 2016 | 30 November 2018 | \$0.05 | 6,250,000 |
| 14 November 2016 | See below * | \$0.05 | 6,250,000 |
| 21 December 2016 | 14 June 2018 | \$0.10 | 1,539,250 |
| 27 February 2017 | 27 August 2018 | \$0.10 | 19,350,000 |
| | | | 70,889,250 |

* Expiry Date is 18 months after the satisfaction of the condition – requirement of approval for exploration for 50% of Jujuy tenement applications. These options relate to the acquisition of LithNRG.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of Lake Resources NL under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|------------------|------------------|----------------|---------------------|
| 14 November 2016 | 4 October 2021 * | \$0.00 | 12,500,000 |
| 14 November 2016 | 14 November 2021 | \$0.00 | 8,500,000 |
| | | | 21,000,000 |

* These performance rights relate to the acquisition of LithNRG – requirement of approval for exploration for 50% of Jujuy tenement applications.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Lake Resources NL issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

SHARES ISSUED ON THE CONVERSION OF PERFORMANCE RIGHTS

The following ordinary shares of Lake Resources NL were issued during the year ended 30 June 2017 and up to the date of this report on the conversion of performance rights granted:

| Date performance rights granted | Number of shares issued |
|---------------------------------|-------------------------|
| 14 November 2016 | 12,500,000 |

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF NEXIA BRISBANE AUDIT PTY LTD

There are no officers of the company who are former partners of Nexia Brisbane Audit Pty Ltd.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

AUDITOR

Nexia Brisbane Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



S. Promnitz
Managing Director

29 September 2017



**Auditor's Independence Declaration under section 307C of the
*Corporations Act 2001***

To the Board of Directors of Lake Resources NL

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lake Resources NL and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd.

Nexia Brisbane Audit Pty Ltd



Ann-Maree Robertson
Director

Date: 29 September 2017

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General information

The financial statements cover Lake Resources NL as a consolidated entity consisting of Lake Resources NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lake Resources NL's functional and presentation currency.

Lake Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 10, 70 Phillip Street
SYDNEY NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2017. The directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the company's website: www.lakeresources.com.au

Lake Resources NL
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017



| | Note | Consolidated 2017 \$ | 2016 \$ |
|---|-----------|----------------------------|------------------------|
| Expenses | | | |
| Exploration expenditure expensed / written back | | - | 12,017 |
| Administrative expenses | | (25,210) | (16,241) |
| Corporate expenses | | (323,245) | (37,458) |
| Employee benefit expenses | | (185,097) | - |
| Employee performance incentive expense | | (467,500) | - |
| Consultancy and legal costs | | (169,693) | - |
| | | <u>(1,170,745)</u> | <u>(41,682)</u> |
| Loss before income tax expense | | (1,170,745) | (41,682) |
| Income tax expense | 5 | <u>-</u> | <u>-</u> |
| Loss after income tax expense for the year attributable to the owners of Lake Resources NL | 13 | (1,170,745) | (41,682) |
| Other comprehensive income for the year, net of tax | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year attributable to the owners of Lake Resources NL | | <u>(1,170,745)</u> | <u>(41,682)</u> |
| | | Cents | Cents |
| Basic earnings per share | 24 | (0.72) | (0.04) |
| Diluted earnings per share | 24 | (0.72) | (0.04) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Lake Resources NL
Statement of financial position
30 June 2017



| | Note | Consolidated 2017 \$ | 2016 \$ |
|---|------|----------------------------|---------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 1,396,825 | 74,210 |
| Trade and other receivables | | 34 | - |
| Other current assets | 7 | 13,292 | 1,070 |
| Total current assets | | <u>1,410,151</u> | <u>75,280</u> |
| Non-current assets | | | |
| Investments accounted for using the equity method | 8 | 35 | 35 |
| Exploration and evaluation | 9 | 1,887,866 | - |
| Total non-current assets | | <u>1,887,901</u> | <u>35</u> |
| Total assets | | <u>3,298,052</u> | <u>75,315</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 69,102 | 7,284 |
| Total current liabilities | | <u>69,102</u> | <u>7,284</u> |
| Total liabilities | | <u>69,102</u> | <u>7,284</u> |
| Net assets | | <u>3,228,950</u> | <u>68,031</u> |
| Equity | | | |
| Issued capital | 11 | 12,346,866 | 8,946,465 |
| Reserves | 12 | 936,260 | 4,997 |
| Accumulated losses | 13 | (10,054,176) | (8,883,431) |
| Total equity | | <u>3,228,950</u> | <u>68,031</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Lake Resources NL
Statement of changes in equity
30 June 2017



| Consolidated | Issued capital \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
|--|-----------------------------|-----------------------|-------------------------------|---------------------------|
| Balance at 1 July 2015 | 8,946,465 | 4,997 | (8,841,749) | 109,713 |
| Loss after income tax expense for the year | - | - | (41,682) | (41,682) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (41,682) | (41,682) |
| Balance at 30 June 2016 | <u>8,946,465</u> | <u>4,997</u> | <u>(8,883,431)</u> | <u>68,031</u> |
| | | | | |
| Consolidated | Issued capital \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
| Balance at 1 July 2016 | 8,946,465 | 4,997 | (8,883,431) | 68,031 |
| Loss after income tax expense for the year | - | - | (1,170,745) | (1,170,745) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (1,170,745) | (1,170,745) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 11) | 3,262,901 | - | - | 3,262,901 |
| Share-based payment - options | - | 51,263 | - | 51,263 |
| Share-based payment - performance shares | - | 1,017,500 | - | 1,017,500 |
| Transfer to share capital | 137,500 | (137,500) | - | - |
| Balance at 30 June 2017 | <u>12,346,866</u> | <u>936,260</u> | <u>(10,054,176)</u> | <u>3,228,950</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

| | | Consolidated | |
|--|-------------|---------------------|--------------|
| | Note | 2017 | 2016 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers | | (646,044) | (56,01) |
| Net cash used in operating activities | 23 | (646,044) | (56,01) |
| Cash flows from investing activities | | | |
| Net of cash acquired on acquisition of subsidiaries | 20 | 2,535 | |
| Payments for exploration and evaluation | | (478,639) | |
| Net cash used in investing activities | | (476,104) | |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 11 | 2,685,604 | |
| Share issue transaction costs | | (84,841) | |
| Repayment of borrowings | | (156,000) | |
| Net cash from financing activities | | 2,444,763 | |
| Net increase/(decrease) in cash and cash equivalents | | 1,322,615 | (56,01) |
| Cash and cash equivalents at the beginning of the financial year | | 74,210 | 130,22 |
| Cash and cash equivalents at the end of the financial year | 6 | <u>1,396,825</u> | <u>74,21</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of \$1,170,745 (2016: \$41,682) and net cash outflows from operating and investing activities of \$1,122,148 (2016: \$56,012) for the year ended 30 June 2017. For the reasons described below, conditions exist that indicate there is a material uncertainty as to the consolidated entity's ability to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the sale of non-core assets and/or capital raising to fund its current operations through to 30 September 2018. The consolidated entity is reviewing various capital raising opportunities to meet its capital requirements.

Based on the cash flow forecasts and achieving all or some funding, the directors are confident that the consolidated entity will be able to continue as a going concern. The directors are confident in the consolidated entity's ability to fund its activities as mentioned based on past success in raising capital such as the capital raising completed in November 2016 and February 2017.

Should the consolidated entity be unable to raise capital or realise the sale of non-core assets, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Lake Resources NL) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 21.

Note 1. Significant accounting policies (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Lake Resources NL's functional and presentation currency.

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 income.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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.

Note 1. Significant accounting policies (continued)

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.

(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.

Note 1. Significant accounting policies (continued)

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 as 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.

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Interest in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest in net assets are classified as a joint venture and accounted for using the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture.

Exploration and development expenditure

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.

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.

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 asset's 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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 see 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 valuation 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.

Note 1. Significant accounting policies (continued)

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.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lake Resources NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 1. Significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

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.

Equity Settled Compensation

The company makes equity-settled share-based payments to directors, employees and other parties for services provided. The fair value of the equity is measured at grant date and recognised as an asset or as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price.

Comparative Figures

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Going concern

The most critical accounting estimate/judgment used in preparing the financial statements is the going concern basis - see note 1 Basis of Preparation above.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Operating segments

Segment Information

As a result of the consolidated entity acquiring Lith NRG Pty Ltd (see Note 20) during the period, the company currently operates entirely in the mineral exploration industry with interests in Argentina (previously 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.

Geographical information

| | Sales to external customers | | Geographical non-current assets | |
|-----------|-----------------------------|------|---------------------------------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Argentina | - | - | 1,887,866 | - |
| Pakistan | - | - | 35 | 35 |
| | - | - | 1,887,901 | 35 |

Note 4. Expenses

| | Consolidated | |
|--|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Net foreign exchange loss</i> | | |
| Net foreign exchange loss | 2,847 | - |
| <i>Superannuation expense</i> | | |
| Defined contribution superannuation expense | 13,077 | - |

Note 5. Income tax expense

| | Consolidated | |
|--|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (1,170,745) | (41,682) |
| Tax at the statutory tax rate of 27.5% (2016: 30%) | (321,955) | (12,505) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 128,563 | - |
| | (193,392) | (12,505) |
| Future income tax benefit of tax losses not brought to account | 193,392 | 12,505 |
| Income tax expense | - | - |

The Company has unrecouped, unconfirmed carry forward tax losses of approximately \$10.3 million (2016: \$9.6 million).

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

- (a) it is probable that the Company will derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the losses.

Note 6. Current assets - cash and cash equivalents

| | Consolidated | |
|--------------------------|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Cash at bank and on hand | 1,396,825 | 74,210 |

Note 7. Current assets - other current assets

| | Consolidated | |
|-------------|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Prepayments | 13,292 | 1,070 |

Note 8. Non-current assets - investments accounted for using the equity method

Lake Resources NL (the parent) holds a 27.5% interest through its subsidiary in Chagai Resources (Pvt) Ltd, a joint arrangement between the group and two other parties. The principal place of business is Pakistan and the primary purpose is mineral exploration. The exploration licences held have a three year term to June 2018 and are renewable for 2 further periods of 3 years to June 2024. The Group's interest is equity accounted and the Group's investment represents its share of net assets.

| | Consolidated | |
|-----------------------------|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Equity accounted investment | 35 | 35 |

The initial financial contribution to the entity will be a minimum of US\$1.9 million by the major party, Colt Resources Middle East, to be expended on exploration of the licences by 2018. Through further contributions the major party's interest in the project can increase, with Lake's ultimate interest settling at 15%. If the initial contribution is not made and/or Chagai Resources fails to expend the contribution on exploration of the licence areas within 3 years, then the Group will assume 100% ownership of Chagai Resources.

During the year no significant exploration activities were undertaken.

Note 9. Non-current assets - exploration and evaluation

| | Consolidated | |
|---|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Exploration and evaluation assets - at cost | 1,887,866 | - |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Exploration and evaluation assets \$ | Total \$ |
|---|--|-------------|
| Balance at 1 July 2015 | - | - |
| Balance at 30 June 2016 | - | - |
| Additions - direct exploration costs | 538,639 | 538,639 |
| Additions through business combinations (note 20) | 1,349,227 | 1,349,227 |
| Balance at 30 June 2017 | 1,887,866 | 1,887,866 |

Exploration and evaluation costs are carried forward in the statement of financial position as detailed in accounting policy note 1 Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals.

Note 9. Non-current assets - exploration and evaluation (continued)

Petra Project

On 27 February, 2017 the Company entered into an option agreement to explore and evaluate and if successful acquire tenements. This option agreement has the following terms:

- I. 4 million LKE shares for a 4 month period with (note that this was subsequently extended to November / December 2017):
 - a. 1 million LKE shares to be issued on signing
 - b. 3 million LKE shares to be issued within 60 days (extendable to 6 months). All due diligence and initial exploration to be undertaken at Lake cost.

- II. 15 million LKE shares on execution of the option. This will be paid in 2 tranches:
 - a. 7.5 million LKE share upon execution of the option
 - b. 7.5 million LKE shares once 65% of areas are granted for exploration

Note 10. Current liabilities - trade and other payables

| | Consolidated | |
|---------------------------------------|---------------------|--------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Sundry creditors and accrued expenses | <u>69,102</u> | <u>7,284</u> |

Refer to note 15 for further information on financial instruments.

Note 11. Equity - issued capital

| | 2017 | Consolidated | | 2016 |
|------------------------------|--------------------|---------------------|-------------------|------------------|
| | Shares | 2016 | 2017 | 2016 |
| | | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>227,493,026</u> | <u>95,876,034</u> | <u>12,346,866</u> | <u>8,946,465</u> |

Movements in ordinary share capital

| Details | Date | Shares | \$ |
|---|------------------|--------------------|-------------------|
| Balance | 1 July 2015 | <u>95,876,034</u> | <u>8,946,465</u> |
| Balance | 30 June 2016 | 95,876,034 | 8,946,465 |
| Capital raising | 14 November 2016 | 25,000,000 | 500,000 |
| Issue of shares - vendors of LithNRG Pty Ltd | 14 November 2016 | 50,000,000 | 550,000 |
| Issue of shares - loan providers of LithNRG Pty Ltd | 14 November 2016 | 2,000,000 | 40,000 |
| Capital raising | 21 December 2016 | 16,116,992 | 1,047,604 |
| Capital raising | 27 February 2017 | 24,000,000 | 1,200,000 |
| Issue of shares - share-based payment | 27 February 2017 | 2,000,000 | 110,000 |
| Conversion of performance shares | 5 June 2017 | 12,500,000 | 137,500 |
| Capital raising costs | | - | (184,703) |
| Balance | 30 June 2017 | <u>227,493,026</u> | <u>12,346,866</u> |

Note 11. Equity - issued capital (continued)

Performance rights (note that the valuation for the performance rights are recognised in performance rights reserve)

| Details | Date | Performance rights | \$ |
|--|------------------|---------------------------|----------------|
| Balance | 1 July 2015 | - | - |
| Balance | 30 June 2016 | - | - |
| Issue of performance rights - vendors of LithNRG | 14 November 2016 | 50,000,000 | 550,000 |
| Issue of performance rights – LTI | 14 November 2016 | 8,500,000 | 467,500 |
| Lapsed - Tranche 1 (issued to vendor of LithNRG) | 5 June 2017 | (25,000,000) | - |
| Converted to share capital | 5 June 2017 | (12,500,000) | (137,500) |
| Balance | 30 June 2017 | <u>21,000,000</u> | <u>880,000</u> |

Options (note that the valuation for the options are recognised in option reserve)

| Details | Date | Options | \$ |
|--|------------------|-------------------|---------------|
| Balance | 1 July 2015 | - | - |
| Balance | 30 June 2016 | - | - |
| Issued in relation to acquisition of LithNRG | 14 November 2016 | 50,000,000 | 1,401 |
| Issued to brokers in relation to services for capital raising | 21 December 2016 | 1,539,250 | 8,634 |
| Issued to brokers in relation to services for capital raising | 27 February 2017 | 7,350,000 | 41,228 |
| Issued in relation to shares issued on capital raising | 27 February 2017 | 12,000,000 | - |
| Lapsed of Class B options (relating to acquisition of LithNRG) | | (12,500,000) | - |
| Balance | 30 June 2017 | <u>58,389,250</u> | <u>51,263</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk 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.

Note 12. Equity - reserves

| | Consolidated | |
|----------------------------|---------------------|--------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Capital profits reserve | 4,997 | 4,997 |
| Options reserve | 51,263 | - |
| Performance rights reserve | 880,000 | - |
| | <u>936,260</u> | <u>4,997</u> |

Capital profits reserve

The capital profits reserve records non-taxable profits on sale of investments.

Option reserve

The option reserve is to recognise the fair value of options issued for share based payment to employees and service providers in relation to the supply of goods or services.

Performance rights reserve

The performance rights reserve is to recognise the fair value of performance rights issued to employees and vendors in relation to the supply of goods or services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated | Capital profit reserve \$ | Option reserve \$ | Performance rights reserve \$ | Total \$ |
|---|---------------------------------|-------------------------|-------------------------------------|----------------|
| Balance at 1 July 2015 | 4,997 | - | - | 4,997 |
| Balance at 30 June 2016 | 4,997 | - | - | 4,997 |
| Share-based payments - issue of options | - | 51,263 | - | 51,263 |
| Share-based payments - issued to vendors of LithNRG | - | - | 550,000 | 550,000 |
| Share-based payments - issued as long term incentives | - | - | 467,500 | 467,500 |
| Transferred to share capital conversion | - | - | (137,500) | (137,500) |
| Balance at 30 June 2017 | <u>4,997</u> | <u>51,263</u> | <u>880,000</u> | <u>936,260</u> |

Note 13. Equity - accumulated losses

| | Consolidated | |
|---|---------------------|--------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Accumulated losses at the beginning of the financial year | (8,883,431) | (8,841,749) |
| Loss after income tax expense for the year | (1,170,745) | (41,682) |
| Accumulated losses at the end of the financial year | <u>(10,054,176)</u> | <u>(8,883,431)</u> |

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 15. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

In order to protect against adverse exchange rate movements, the consolidated entity has set up a foreign bank account (USD) which is used to fund its exploration activities in Argentina.

The carrying amount of the consolidated entity's foreign currency denominated financial assets at the reporting date were as follows:

| | Assets | | Liabilities | |
|--------------|------------|------------|-------------|------------|
| | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ |
| Consolidated | | | | |
| US dollars | 329,121 | - | - | - |

A sensitivity analysis of the movement in exchange rate (based on the closing balance of the asset) is presented below

| Consolidated - 2017 | % change | AUD strengthened | | % change | AUD weakened | |
|---------------------|----------|-----------------------------|------------------|----------|-----------------------------|------------------|
| | | Effect on profit before tax | Effect on equity | | Effect on profit before tax | Effect on equity |
| USD assets | 1% | 3,291 | 3,291 | (1%) | (3,291) | (3,291) |

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Currently the consolidated entity does not have any external borrowings subject to variable rates and therefore has minimal interest rate risk.

Credit risk

The consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Note 15. Financial instruments (continued)

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity only deposit its cash and cash equivalent with the major banks in Australia.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2017 | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Cash and cash equivalent | - | 1,392,285 | - | - | - | 1,392,285 |
| Trade payables | - | (69,102) | - | - | - | (69,102) |
| Total non-derivatives | | 1,323,183 | - | - | - | 1,323,183 |

| Consolidated - 2016 | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|------------------------------|----------------------------------|-------------------|--------------------------|--------------------------|-----------------|-------------------------------------|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Cash and cash equivalent | - | 74,210 | - | - | - | 74,210 |
| Trade payables | - | (7,284) | - | - | - | (7,284) |
| Total non-derivatives | | 66,926 | - | - | - | 66,926 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Key management personnel disclosures

Directors

The following persons were directors of Lake Resources NL during the financial year:

- S. Crow (Non-Executive Chairman - appointed 14 November 2016)
- S. Promnitz (Managing Director - appointed 14 November 2016)
- P.J. Gilchrist
- R Johnston (resigned 14 November 2016)
- J.G. Clavarino (resigned 14 November 2016)

Note 16. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|------------------------------|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Short-term employee benefits | 172,020 | - |
| Post-employment benefits | 13,077 | - |
| Share-based payments | 467,500 | - |
| | <u>652,597</u> | <u>-</u> |

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Brisbane Audit Pty Ltd, the auditor of the company:

| | Consolidated | |
|--|---------------------|--------------|
| | 2017 | 2016 |
| | \$ | \$ |
| <i>Audit services - Nexia Brisbane Audit Pty Ltd</i> | | |
| Audit or review of the financial statements | <u>23,000</u> | <u>9,000</u> |

Note 18. Related party transactions

Parent entity

Lake Resources NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|--|---------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Payment for goods and services: | | |
| Company secretarial and accounting services paid to Franks & Associates Pty Ltd, a company associated with Andrew Bursill (Company Secretary) | 81,890 | - |
| Consultancy services relating to capital raising paid to Salaris Consulting Pty Ltd, a company associated with Stuart Crow (Director) | 28,160 | - |
| Professional services in relation to exploration work undertaken by Argent Resources Pty Ltd, a company of which Mr J.C. Clavarino is a director, on behalf of the Company | * | * |
| Rental of premises from Trenlin Pty Ltd, a Company of which Mr P. Gilchrist is a shareholder. | * | * |
| Other transactions: | | |
| Repayment of borrowings to the vendors of LithNRG Pty Ltd | 258,000 | - |

Note 18. Related party transactions (continued)

* These services were rendered in the year for nil consideration.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 19. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | |
|----------------------------|---------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Loss after income tax | (1,170,746) | (41,862) |
| Total comprehensive income | (1,170,746) | (41,862) |

Statement of financial position

| | Parent | |
|----------------------------|------------------|---------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Total current assets | 1,405,610 | 75,280 |
| Total assets | 3,298,052 | 75,315 |
| Total current liabilities | 69,102 | 7,284 |
| Total liabilities | 69,102 | 7,284 |
| Equity | | |
| Issued capital | 12,346,866 | 8,946,465 |
| Capital profits reserve | 4,997 | 4,997 |
| Options reserve | 51,263 | - |
| Performance rights reserve | 880,000 | - |
| Accumulated losses | (10,054,176) | (8,883,431) |
| Total equity | <u>3,228,950</u> | <u>68,031</u> |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 and 30 June 2016

Contingent liabilities

The parent entity had no contingent liability as at 30 June 2017 and 30 June 2016

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Note 19. Parent entity information (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 20. Acquisition of LithNRG Pty Ltd

On 14 November 2016, the Company acquired 100% interest in LithNRG Pty Ltd ('LithNRG') for a consideration of 50,000,000 ordinary shares with 25,000,000 attached options and 50,000,000 performance shares with 25,000,000 attached options. This transaction has been accounted for as a share-based payment under AASB 2 *Share-Based Payments*. As Lake Resources NL controls LithNRG, the Company is required to consolidate the entity in the financial statements.

Details of the acquisition are as follows:

| | Fair value \$ |
|--|--------------------------------|
| Cash and cash equivalents | 2,535 |
| Other current assets | 13,939 |
| Exploration and evaluation assets | 1,349,227 |
| Trade and other payables | (6,300) |
| Borrowings - related party | (258,000) |
| | 1,101,401 |
| Net assets acquired | 1,101,401 |
| Goodwill | - |
| | 1,101,401 |
| Acquisition-date fair value of the total consideration transferred | 1,101,401 |
| Representing: | |
| 50,000,000 fully paid ordinary shares | 550,000 |
| 50,000,000 performance shares | 550,000 |
| 50,000,000 options exercisable at \$0.05, 18-months expiry | 1,401 |
| | 1,101,401 |

Note 20. Acquisition of LithNRG Pty Ltd (continued)

The performance shares and options issued were subject to the following performance criteria:

Tranche 1 – 25,000,000 performance shares and 12,500,000 Class B options – the vesting of Tranche 1 was conditional upon completion of Capital Raising within 3 months with issue of 40,000,000 shares under a placement and minimum \$2 million being raised.

Tranche 2 – 12,500,000 performance shares and 6,250,000 Class C options – the vesting of Tranche 2 was conditional upon approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit Non-invasive Exploration to be undertaken or occur at least 50% (by number) of the Tenement Applications in Catamarca Province. This must occur within 5 years after the date of the Annual General Meeting in 2016.

Tranche 3 – 12,500,000 performance shares and 6,250,000 Class D options – the vesting of Tranche 3 was conditional upon approvals or consents being granted by the relevant Argentinian regulatory and/or governmental bodies as are necessary to permit Non-invasive Exploration to be undertaken or occur at least 50% (by number) of the Tenement Applications in Jujuy Province. This must occur within 5 years after the date of the Annual General Meeting in 2016.

The shares, performance shares and options are valued using Lake's share price as at 24 May 2016 being the share price prior to the announcement of the LithNRG acquisition being made. In addition, the following assumptions were used to determine the fair value of the options:

Share price at date of grant: \$0.011

Exercise price per option: \$0.05

Risk free rate: 2%

Volatility: 50%

Life of option: 1.5 years

Vesting period: Immediately

Probability of achieving the respective performance condition: 50% to 100%

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--------------------------------------|---|--------------------|-----------|
| | | 2017 % | 2016 % |
| Lake Mining Pakistan (Pvt) Limited * | Pakistan | 100.00% | 100.00% |
| LithNRG Pty Ltd | Australia | 100.00% | - |
| Minerales Australes SA ** | Argentina | 100.00% | - |
| Morena del Valle Minerals SA ** | Argentina | 100.00% | - |

* The subsidiary was incorporated on 4 December 2014. The subsidiary has share capital consisting solely of ordinary shares which are held directly by the group. The proportion of ownership interests held equals the voting rights held by the group. The subsidiary's principal place of business is also its country of incorporation.

** Interest is held through LithNRG Pty Ltd

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---------------------|-----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Loss after income tax expense for the year | (1,170,745) | (41,682) |
| Adjustments for: | | |
| Share-based payments | 467,500 | - |
| Expenses written back | - | (12,017) |
| Change in operating assets and liabilities: | | |
| Decrease in trade and other receivables | 13,905 | - |
| Increase in other current assets | (12,222) | - |
| Increase/(decrease) in trade and other payables | 55,518 | (2,313) |
| Net cash used in operating activities | <u>(646,044)</u> | <u>(56,012)</u> |

Non-Cash Financing and Investing Activities

During the period, the Company acquired LithNRG Pty Ltd and its subsidiaries through share-based payment arrangements - refer to Note 20 for further details.

In addition to the above, the consolidated entity entered into share-based payment arrangements with its directors and suppliers - refer to Note 25 for further details.

Note 24. Earnings per share

| | Consolidated | |
|---|---------------------|-------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Loss after income tax attributable to the owners of Lake Resources NL | <u>(1,170,745)</u> | <u>(41,682)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>162,386,890</u> | <u>95,876,034</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>162,386,890</u> | <u>95,876,034</u> |
| | Cents | Cents |
| Basic earnings per share | (0.72) | (0.04) |
| Diluted earnings per share | (0.72) | (0.04) |

Note 25. Share-based payments

On 14 November 2016, the Company acquired 100% interest in LithNRG Pty Ltd ('LithNRG') for a consideration of 50,000,000 ordinary shares with 25,000,000 attached options and 50,000,000 performance shares with 25,000,000 attached options. Refer to Note 20 for further details.

At the 2016 Annual General Meeting, the shareholders of the Company approved the Long Term Incentive (LTI) Plan. The main purpose of the plan is to give incentives to eligible participants (or their nominee) to provide dedicated and ongoing commitment and effort to the Company aligning the interest of both employees and shareholders and for the Company to reward eligible employees for their effort. The LTI Plan contemplates the issue to eligible employees of performance rights which may have milestones.

Under the Plan, the Company allocated 8.5 million performance rights to two Directors, Mr Steve Promnitz (7.5 million) and Mr Stuart Crow (1 million). The performance shares were issued at nil consideration.

Mr Promnitz's performance shares vest on the following performance criteria:

- a) a third vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications;
- b) a third vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications;
- c) a third vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time.

Mr Crow's performance shares vest when the Company's market capitalisation reaches \$22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time.

The performance shares for Mr Promnitz and Mr Crow were valued at \$467,500 based on the closing share price when the performance shares were granted.

On 21 December 2016, the Company issued 1,539,250 options to brokers for capital raising services at nil consideration. The term of the options include exercise price of \$0.10 and expires on 14 July 2018. A Black-Scholes Option Pricing model has been used to calculate the fair value of the options and a share based payment of \$8,634 has been recognised as share issue costs.

On 27 February 2017, the Company issued 7,350,000 options to various brokers for capital raising services at nil consideration. The term of the options include exercise price of \$0.10 and expires on 27 August 2018. A Black-Scholes Option Pricing model has been used to calculate the fair value of the options and a share based payment of \$41,228 has been recognised as share issue costs.

Set out below are summaries of options granted as share-based payments:

2017

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year | Vested and exercisable |
|-------------|-------------|----------------|----------------------------------|------------|-----------|---------------------------|--------------------------------|------------------------|
| 14/11/2016* | 04/04/2018 | \$0.05 | - | 25,000,000 | - | - | 25,000,000 | 25,000,000 |
| 14/11/2016* | 14/05/2018 | \$0.05 | - | 12,500,000 | - | (12,500,000) | - | - |
| 14/11/2016* | 30/11/2018 | \$0.05 | - | 6,250,000 | - | - | 6,250,000 | 6,250,000 |
| 14/11/2016* | See Note ** | \$0.05 | - | 6,250,000 | - | - | 6,250,000 | - |
| 21/12/2016 | 14/07/2018 | \$0.10 | - | 1,539,250 | - | - | 1,539,250 | 1,539,250 |
| 27/02/2017 | 27/08/2018 | \$0.10 | - | 7,350,000 | - | - | 7,350,000 | 7,350,000 |
| | | | - | 58,889,250 | - | (12,500,000) | 46,389,250 | 40,139,250 |

* These options relate to the acquisition of LithNRG - refer to Note 20 for further details.

** Expiry Date is 18 months after the satisfaction of the condition – requirement of approval for exploration for 50% of Jujuy.

The weighted average exercise price during the financial year was \$0.06.

Note 25. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.02 years.

Set out below are summaries of performance rights as share-based payments:

2017

| Grant date | Expiry date | Balance at the start of the year | Granted | Converted to shares | Expired/ forfeited/ other | Balance at the end of the year |
|-------------------------|-------------|----------------------------------|------------|---------------------|---------------------------|--------------------------------|
| 14/11/2016 [*] | 06/04/2017 | - | 25,000,000 | - | (25,000,000) | - |
| 14/11/2016 [*] | 04/10/2021 | - | 12,500,000 | (12,500,000) | - | - |
| 14/11/2016 [*] | 04/10/2021 | - | 12,500,000 | - | - | 12,500,000 |
| 14/11/2016 | 14/11/2021 | - | 8,500,000 | - | - | 8,500,000 |
| | | - | 58,500,000 | (12,500,000) | (25,000,000) | 21,000,000 |

* These performance rights relate to the acquisition of LithNRG - refer to Note 20 for further details.

None of the performance rights at the end of the year are exercisable / vested.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 4.3 years.

For the options granted as share-based payments during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|--------------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 14/11/2016 | 04/04/2018 | \$0.01 | \$0.05 | 50.00% | - | 2.00% | \$0.000 |
| 14/11/2016 | 14/05/2018 | \$0.01 | \$0.05 | 50.00% | - | 2.00% | \$0.000 |
| 14/11/2016 | 30/11/2018 | \$0.01 | \$0.05 | 50.00% | - | 2.00% | \$0.000 |
| 14/11/2016 | Refer [*] | \$0.01 | \$0.05 | 50.00% | - | 2.00% | \$0.000 |
| 21/12/2016 | 14/08/2018 | \$0.06 | \$0.10 | 50.00% | - | 2.00% | \$0.006 |
| 27/02/2017 | 27/08/2018 | \$0.06 | \$0.10 | 50.00% | - | 2.00% | \$0.006 |

* The option vest on the condition the exploration for 50% of Jujuy is approved. The option expires 18 months after the condition has been met.

For the performance rights granted as share-based payments during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Fair value at grant date |
|--------------------------|-------------|---------------------------|--------------------------|
| 14/11/2016 [*] | 06/04/2017 | \$0.01 | \$0.011 |
| 14/11/2016 [*] | 04/10/2021 | \$0.01 | \$0.011 |
| 14/11/2016 ^{**} | 14/11/2021 | \$0.06 | \$0.055 |

* Relating to acquisition of Lith NRG. Note the share price is based on the date of prior to the announcement of the acquisition of LithNRG.

** Relating to LTI. The share price relates to the LTI was approval by the shareholders.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



S. Promnitz
Managing Director

29 September 2017



Independent Auditor's Report to the Members of Lake Resources NL Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lake Resources NL (the Company) including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, as attached to the directors' report, has not changed as at the date of this report.

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

Emphasis of matter - material uncertainty related to going concern

We draw attention to *Note 1 Going Concern* in the financial report, which indicates that the ability of the Group to continue as a going concern and to continue with its planned exploration activities is dependent upon the Group to undertake future capital raising and to manage its working capital requirements. As set out in the note, the directors have prepared the financial report on a going concern basis.

These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report to the Members of Lake Resources NL (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Carrying Value of Exploration and Evaluation Assets Refer to note 9 (Exploration and Evaluation Assets)</p> <p>As at 30 June 2017, the carrying value of Exploration and evaluation assets is \$1,887,866 (2016: \$nil). The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1.</p> <p>During 2017 the company acquired \$1.35M of Exploration and Evaluation assets through the acquisition of subsidiary Lith NRG Pty Ltd.</p> <p>This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalized Exploration and Evaluation assets meet the recognition criteria set out in AASB 6: Exploration for and Evaluation of Mineral Resources.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We obtained evidence as to whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • We obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programs; and • We obtained an understanding of the status of ongoing exploration programs, for the areas of interest; and • We obtained evidence as to the assumptions made by management in the determination of the recoverable value of the asset. |
| <p>Acquisition of Lith NRG Pty Ltd through share based payments Refer to Notes 20 and 25</p> <p>On 14 November 2016, the Company acquired 100% interest in Lith NRG Pty Ltd for a consideration of 50,000,000 ordinary shares, 50,000,000 options, and 50,000,000 performance rights. The transaction has been accounted for as a share based payment under AASB 2: Share-Based Payments.</p> <p>This is a key audit matter due to the size and nature of the share based payment as well as the significance of management's judgements and assumptions on the measurement of the transaction.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the terms and conditions contained in the acquisition agreements regarding the issue of shares, performance rights, and options; • We considered whether the transaction is appropriately classified as an asset acquisition and accounted for in accordance with AASB 2: Share-Based Payments; • We obtained evidence as to the assumptions made by management in the determination of the fair value of the transaction. In doing so, we evaluated the fair value model and option pricing model used to determine the fair value of share based consideration paid including key assumptions and judgements; and • We tested the acquisition accounting entries and evaluated the methodology to assess the fair value of assets acquired and liabilities assumed. |





Independent Auditor's Report to the Members of Lake Resources NL (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Share Based Payments – Long Term Employee Incentive (LTI) Plan <i>Refer to Note 25</i></p> <p>The Company issued 8.5M performance rights as a remuneration incentive to directors at \$nil consideration under the terms of the company's LTI Plan. Directors determined the fair value of these performance shares to be \$467,500.</p> <p>The incentive payments have been accounted for as share based payments under AASB 2: <i>Share-Based Payments</i>.</p> <p>This is a key audit matter due to the size and nature of the share based payments as well as the significance of management's judgements and assumptions on the measurement of the transaction.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We obtained an understanding of key terms and conditions outlined in the LTI Plan in relation to the issue of performance shares and vesting conditions; • We evaluated the appropriateness of the valuation model used by management to determine the fair value of the performance shares; • We compared the assumptions and inputs to the valuation model used by management to market-based observable inputs. Where valuation inputs and assumptions used by management were unobservable, we assessed the reasonableness of management's assumptions by comparing our assessment of the range of valuation assumptions and inputs to those used by management; • We compared management's view on the likelihood of achieving each milestone to post balance date announcements, plans, and budgets. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

The annual report is expected to be made available to us after the date of this audit report. Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and request the other information be corrected. If the other information is not corrected after communicating with the directors, we will be required to seek to have the uncorrected material misstatement brought to the attention of users for whom this auditor's report is prepared.



Independent Auditor's Report to the Members of Lake Resources NL (continued)

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report to the Members of Lake Resources NL (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 12 of the Directors' Report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Lake Resources NL for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Ann-Maree Robertson

Ann-Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane QLD, 4000

Date: 29 September 2017

The shareholder information set out below was applicable as at 26 September 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| No. of Holders: | Ordinary Shares | Listed Options Exercise price \$0.10, Expiry 27/08/2018 | Unlisted Class A Options Exercise price \$0.05, Expiry 04/04/2018 | Unlisted Class C Options Exercise price \$0.05, Expiry 30/11/2018 | Unlisted Class D Options Exercise price \$0.05, Expiry* | Unlisted Options Exercise price \$0.10, Expiry 14/06/2018 |
|---------------------------------------|-----------------|---|---|---|---|---|
| 1 to 1,000 | 28 | - | 1 | 1 | 1 | - |
| 1,001 to 5,000 | 70 | - | - | - | - | - |
| 5,001 to 10,000 | 190 | - | - | - | - | - |
| 10,001 to 100,000 | 517 | 15 | - | 1 | 1 | - |
| 100,001 and over | 201 | 35 | 12 | 11 | 11 | 7 |
| Total | 1,006 | 50 | 13 | 13 | 13 | 7 |
| Holding less than a marketable parcel | 150 | 1 | 1 | 1 | 1 | - |

| No. of Holders: | Performance Rights – Tranche 3 Expiry 04/10/2021 | Performance Rights – LTI Expiry 14/11/2021 |
|---------------------------------------|---|---|
| 1 to 1,000 | 1 | - |
| 1,001 to 5,000 | - | - |
| 5,001 to 10,000 | - | - |
| 10,001 to 100,000 | - | - |
| 100,001 and over | 12 | - |
| Total | 13 | 2 |
| Holding less than a marketable parcel | 1 | - |

* Expiry of the Class D Options will occur 18 months after the condition, being the approval for exploration of 50% of Jujuy province.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|--|------------------------|---|
| | | % of total shares issued |
| | Number held | |
| 202 LIMITED | 13,190,758 | 5.80 |
| MS JUSTINE MICHEL <LAMBRECHT INVESTMENT A/C> | 10,678,893 | 4.69 |
| MR KERRY WILLIAM JOHN HARRIS & MISS KATRINA FOURRO <DIG DEEP S/F> | 10,000,000 | 4.40 |
| OUTBACK FORMWORK PTY LTD <WILLATON SUPER FUND A/C> | 9,498,936 | 4.18 |
| MR STEPHEN PROMNITZ | 6,255,078 | 2.75 |
| BUSHFLY AIR CHARTER PTY LTD <JOHNSTON SUPER FUND A/C> | 5,500,000 | 2.42 |
| M & E EARTHMOVING PTY LTD | 5,263,158 | 2.31 |
| RAYMOND JAMES <JAMES SUPERANNUATION FUND> | 5,208,334 | 2.29 |
| KEMKAY PTY LTD | 5,122,560 | 2.25 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 4,711,811 | 2.07 |
| FLUID INVESTMENTS PTY LTD | 4,413,334 | 1.94 |
| MR BENJAMIN SKUBRIS | 4,005,692 | 1.76 |
| MS AINSLEY RUTH WILLIAMS | 3,439,584 | 1.51 |
| ROTOITI VENTURES PTY LTD <SIPAN SUPER FUND A/C> | 3,125,000 | 1.37 |
| MR JAMES GRAHAM CLAVARINO | 3,118,490 | 1.37 |
| COVE STREET PTY LTD <THE COVE STREET A/C> | 2,864,584 | 1.26 |
| INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C> | 2,846,705 | 1.25 |
| MRS ELIZABETH MARGARET GILCHRIST | 2,790,730 | 1.23 |
| NATIONAL NOMINEES LIMITED | 2,789,561 | 1.23 |
| MR DAVID FRANCIS SCHWEDE & MRS JANINE ANN SCHWEDE <THE SCHWEDE SUPER FUND A/C> | 2,770,000 | 1.22 |
| | <hr/> <hr/> | |
| | 107,593,208 | 47.30 |

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Number held | Listed Options % of total Listed Options issued |
|--|-------------------|---|
| FIRST INVESTMENT PARTNERS PTY LTD | 2,668,100 | 13.79 |
| MR BENJAMIN SKUBRIS | 1,500,000 | 7.75 |
| MR ADAM FURST | 1,337,000 | 6.91 |
| ASENNA WEALTH SOLUTIONS PTY LTD | 1,180,000 | 6.10 |
| QUID CAPITAL PTY LTD | 1,000,000 | 5.17 |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 800,000 | 4.13 |
| SUPER MSJ PTY LTD <MSJ SUPER FUND A/C> | 800,000 | 4.13 |
| MR NEVRES CRLJENKOVIC | 660,000 | 3.41 |
| COMSEC NOMINEES PTY LIMITED | 600,000 | 3.10 |
| S3 CONSORTIUM PTY LTD | 500,000 | 2.58 |
| MR LIAN HEO DING | 500,000 | 2.58 |
| MS JUSTINE MICHEL <LAMBRECHT INVESTMENT A/C> | 500,000 | 2.58 |
| MR PHILLIP DICKINSON | 500,000 | 2.58 |
| CHRISTOPHER STEWART MACDONALD&KYLIE JANE MACDONALD<MACDONALD FAMILY S/F> | 480,000 | 2.48 |
| MR BART ADSON | 422,950 | 2.19 |
| MRS SRADDHA NITESHKUMAR PATEL | 411,900 | 2.13 |
| CRLJENKOVIC SUPER FUND PTY LTD <CRLJENKOVIC FAMILY S/F A/C> | 355,250 | 1.84 |
| MR CHAI QUANG EAM & MRS SIVHUONG TANG | 320,000 | 1.65 |
| MRS KEHINDE FALADE | 311,000 | 1.61 |
| JASON PETERSON & LISA PETERSON J&L PETERSON S/F | 300,000 | 1.55 |
| TIC-TACK-TOE PTY LTD | 300,000 | 1.55 |
| MR BRETT JAMES RUDD | 290,000 | 1.50 |
| A & J TANNOUS NOMINEES PTY LTD <ASSAD TANNOUS A/C> | 245,500 | 1.27 |
| COLVIC PTY LTD | 215,000 | 1.11 |
| BL CAPITAL PTY LTD <PAVLOVSKI FAMILY A/C> | 200,000 | 1.03 |
| MR VINCENT DAVID MASCOLO | 200,000 | 1.03 |
| MR STEVEN JOHN DIGGERMAN | 200,000 | 1.03 |
| | 16,796,700 | 86.80 |

Unquoted equity securities

| | |
|--|------------|
| \$0.05 UNLISTED OPTIONS EXPIRY 04/04/2018 | 25,000,000 |
| \$0.05 UNLISTED OPTIONS, EXPIRY 30/11/2018 | 6,250,000 |
| \$0.05 UNLISTED OPTIONS, EXPIRY* | 6,250,000 |
| \$0.10 UNLISTED OPTIONS, EXPIRY 14/06/2018 | 1,539,250 |
| PERFORMANCE RIGHTS – TRANCHE 3 | 12,500,000 |
| PERFORMANCE RIGHTS - LTI | 8,500,000 |

* Expiry of the Class D Options will occur 18 months after the condition, being the approval for exploration of 50% of Jujuy province.

The following persons holds 20% or more of unquoted equity securities:

| Name | Class | Number held |
|--|---|-------------|
| SIMON WILLIAM TRITTON <INVESTMENT A/C> | \$0.10 UNLISTED OPTIONS EXPIRY 14/06/2018 | 400,000 |
| STEPHEN PROMNITZ | PERFORMANCE RIGHTS – LTI | 7,500,000 |

Substantial holders

Substantial holders in the company are set out below:

| | Ordinary shares Number held | |
|---|--|------|
| LAMBRECHT INVESTMENT TRUST | 11,033,334 | 6.38 |
| WILLATON PROPERTIES PTY LTD | 8,833,334 | 5.11 |
| KERRY WILLIAM JOHN HARRIS & KATRINA FOURRO ,DIG DEEP S/F A/C. | 9,993,334 | 5.78 |

*** based on substantial shareholder notices lodged with the ASX**

Voting rights

Voting rights are as set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

All quoted options do not carry any voting rights.

TOTAL NUMBER TENEMENTS:

58

TOTAL AREA TENEMENTS:

100,721 Ha

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

| REF | TENEMENT NAME | NUMBER | AREA Ha | INTEREST % | PROVINCE | STATUS |
|-------------------|-------------------|------------|---------|------------|-----------|-------------|
| KACHI AREA | | | | | | |
| | Kachi Inca | 13-D-2016 | 1273 | 100 | Catamarca | Granted |
| | Kachi Inca I | 16-D-2016 | 2880 | 100 | Catamarca | Granted |
| | Kachi Inca II | 17-D-2016 | 2823 | 100 | Catamarca | Granted |
| | Kachi Inca III | 47-M-2016 | 3354 | 100 | Catamarca | Granted |
| | Kachi Inca IV | 46-M-2016 | 186 | 100 | Catamarca | Application |
| | Kachi Inca V | 45-M-2016 | 310 | 100 | Catamarca | Application |
| | Kachi Inca VI | 44-M-2016 | 110 | 100 | Catamarca | Granted |
| | Dona Amparo I | 22-D-2016 | 3000 | 100 | Catamarca | Granted |
| | Dona Carmen | 24-D-2016 | 873 | 100 | Catamarca | Granted |
| | Debbie I | 21-D-2016 | 1501 | 100 | Catamarca | Granted |
| | Divina Victoria I | 25-D-2016 | 1265 | 100 | Catamarca | Granted |
| | Daniel Armando | 23-D-2016 | 2115 | 100 | Catamarca | Granted |
| | Daniel Armando II | 97-M-2016 | 1387 | 100 | Catamarca | Granted |
| | Maria Luz | 34-M-2017 | 2573 | 100 | Catamarca | Application |
| | Maria II | 14-D-2016 | 888 | 100 | Catamarca | Granted |
| | Maria III | 15-D-2016 | 1395 | 100 | Catamarca | Granted |
| | Morena 1 | 72-M-2016 | 3024 | 100 | Catamarca | Granted |
| | Morena 2 | 73-M-2016 | 2989 | 100 | Catamarca | Granted |
| | Morena 3 | 74-M-2016 | 3007 | 100 | Catamarca | Granted |
| | Morena 6 | 75-M-2016 | 1606 | 100 | Catamarca | Granted |
| | Morena 7 | 76-M-2016 | 2805 | 100 | Catamarca | Granted |
| | Morena 8 | 77-M-2016 | 2961 | 100 | Catamarca | Granted |
| | Morena 12 | 78-M-2016 | 2704 | 100 | Catamarca | Granted |
| | Morena 13 | 79-M-2016 | 3024 | 100 | Catamarca | Granted |
| | Pampa I | 129-S-2013 | 2312 | 100 | Catamarca | Granted |
| | Pampa II | 128-S-2013 | 1119 | 100 | Catamarca | Granted |
| | Pampa III | 130-S-2013 | 477 | 100 | Catamarca | Granted |
| 58 | | | 100721 | 100 | | |

| CATAMARCA PEGMATITES | | OPTION | | | | |
|----------------------|------------------------|--------|-------|--------|-----------|-------------|
| | Petra I, II, III, IV | Cateos | 40000 | option | Catamarca | Granted |
| | Petra V, VI, VII, VIII | Cateos | 30000 | option | Catamarca | Application |
| | Aguada I, II, III, IV | Minas | 9500 | option | Catamarca | Application |

| REF | TENEMENT NAME | NUMBER | AREA Ha | INTEREST % | PROVINCE | STATUS |
|-----|---------------|--------|---------|------------|----------|--------|
|-----|---------------|--------|---------|------------|----------|--------|

| OLAROZ - CAUCHARI & PASO REAPPLICATION AREA | | | | | | |
|---|-----------------------|-------------|----------|----------|-------|-------------|
| | MASA 1 | 2223-M-2016 | 375 | 100 | Jujuy | Application |
| | MASA 2 | 2224-M-2016 | 363 | 100 | Jujuy | Application |
| | MASA 3 | 2225-M-2016 | 125 | 100 | Jujuy | Application |
| | MASA 4 | 2226-M-2016 | 952 | 100 | Jujuy | Application |
| | MASA 5 | 2227-M-2016 | 1937 | 100 | Jujuy | Application |
| | MASA 6 | 2228-M-2016 | 268 | 100 | Jujuy | Application |
| | MASA 7 | 2229-M-2016 | 2072 | 100 | Jujuy | Application |
| | MASA 8 | 2230-M-2016 | 2950 | 100 | Jujuy | Application |
| | MASA 9 | 2231-M-2016 | 2985 | 100 | Jujuy | Application |
| | MASA 10 | 2232-M-2016 | 2210 | 100 | Jujuy | Application |
| | MASA 11 | 2233-M-2016 | 1913 | 100 | Jujuy | Application |
| | MASA 12 | 2234-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 13 | 2235-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 14 | 2236-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 15 | 2237-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 16 | 2238-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 17 | 2239-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 18 | 2240-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 19 | 2241-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 20 | 2242-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 21 | 2243-M-2016 | 3000 | 100 | Jujuy | Application |
| | MASA 22 | 2244-M-2016 | 2548 | 100 | Jujuy | Application |
| | MASA 23 | 2245-M-2016 | 2406 | 100 | Jujuy | Application |
| | | | | | | |
| | 23 Lease Applications | | 51104 Ha | 100% LKE | | |



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