

30 September 2021

EXTENSION OF LODGEMENT AND UNAUDITED FINANCIAL ACCOUNTS

Clean lithium developer **Lake Resources NL (ASX: LKE; OTC: LLKKF)** wishes to advise that the Company will rely on ASIC's guidance published on 13 May 2020 (*Instrument 2020/451*) dated 15 May 2020, as extended by ASIC Corporations (Amendment) Instrument 2020/1080 dated 25 November 2020 and ASIC Corporations (Amendment) Instrument 2021/315 dated 26 April 2021 (the 'Amended ASIC Relief'), to extend the lodgment date for its audited annual accounts for the year ended 30 June 2021 to a date prior to the end of October 2021.

Given the restrictions due to COVID-19, including where the company's operations are based, the Company taken extra time to arrange audit review and other work arrangements.

The Company's preliminary unaudited accounts for the financial year to end June 2021 are attached with this announcement.

The Company will immediately announce to the market if it becomes aware that there is a material difference between its unaudited accounts and audited accounts.

On behalf of the Board

[Signature]

Steve Promnitz, Managing Director

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About Lake Resources NL (ASX:LKE OTC:LLKKF) –

Clean high purity lithium using efficient disruptive clean technology - in demand by EV makers and lithium-ion batteries

Lake Resources NL (ASX:LKE, OTC: LLKKF) is a clean lithium developer utilising direct extraction technology for production of sustainable, high purity lithium from its flagship Kachi Project in Catamarca Province within the Lithium Triangle in Argentina among three other projects covering 220,000 ha.

This direct extraction method delivers a solution for two rising demands – high purity battery materials to avoid performance issues, and more sustainable, responsibly sourced materials with low carbon footprint and significant ESG benefits.

1. **Clean-Tech:** Efficient, disruptive, cost-competitive technology using well-known water treatment re-engineered for lithium (not mining). Technology partner, Lilac Solutions Inc, supported by Bill Gates led Breakthrough Energy fund, MIT's The Engine fund and Chris Sacca's Lowercarbon Capital. Lilac will earn in to the Kachi Project, up to a 25% stake, based on certain milestones and then be expected to fund their c.US\$50 million pro-rata share (refer ASX announcement 22 September 2021)

2. **High Purity:** 99.97% purity lithium carbonate samples for a premium price. Demonstrated high quality in nickel rich NMC622 lithium-ion batteries (refer ASX announcement 20 October 2020; 2 March 2021).

LAKE RESOURCES NL

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3. Sustainable /ESG: Far smaller environmental footprint than conventional methods, that returns virtually all water (brine) to its source with a low CO2 footprint.

4. Prime Location, Large Projects: Flagship Kachi project in prime location among low-cost producers with a large lease holding (70,000 ha) and expandable resource (4.4 Mt LCE) of which only 20% is used for 25 years production at 25,500tpa (JORC Resource: Indicated 1.0Mt, inferred 3.4Mt, refer ASX announcement 27 November 2018). Pre-feasibility study by tier 1 engineering firm shows large, long-life low-cost operation with US\$1.6 billion NPV pretax, and annual EBITDA of US\$260 million from 2024 (refer ASX announcement 17 March 2021; 28 April 2020). (No changes to the assumptions in the resource statement or the PFS have occurred since the announcement date.)

An innovative direct extraction technique, based on a well-used ion exchange water treatment method, has been tested for over 18 months in partnership with Lilac Solutions, with a pilot plant module in California operating on Kachi brines and has shown 80-90% recoveries. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low impurities (refer ASX announcement 20 October 2020). The first samples of high purity (99.97% purity) battery quality lithium carbonate were tested in a NMC622 battery by Novonix with excellent results (2 March 2021).

This method of producing high purity lithium can revolutionise and disrupt the battery materials supply industry as it's scalable, low cost, and delivers a consistent product quality with a significant ESG benefit.

Lake's other projects include the Olaroz and Cauchari brine projects, located adjacent to major world class brine projects in production or construction, including Orocobre's Olaroz lithium production and adjoins the impending production of Ganfeng Lithium/Lithium Americas' Cauchari project. Lake's Cauchari project has shown lithium brines over 506m interval with high grades averaging 493 mg/L lithium (117-460m) with up to 540 mg/L lithium. These results are similar to lithium brines in adjoining leases and infer an extension and continuity of these brines into Lake's leases (refer ASX announcements 12 June 2019, 23 March 2021).

For more information on Lake, please visit <http://www.lakeresources.com.au/home/>

Latest OECD CIRR

Export Credit Agencies use the CIRR rate when direct lending. As at 6 September 2021 the OECD CIRR US\$ interest rate of this type of loan with a repayment period of 8.5 years is 1.77% fixed. (This coupon excludes the EDC's premium which will be Governed by the OECD rules). The latest CIRR interest rates can be accessed on the link below:

<https://www.oecd.org/trade/topics/export-credits/documents/cirrs.pdf>



**CLEANER LITHIUM
FOR AN ELECTRIC WORLD**

Lake Resources NL

ABN 49 079 471 980

**Preliminary Unaudited Financial Statements
for the year ended 30 June 2021**

Corporate Strategy

Lake Resources NL ("Lake" or the "Consolidated entity") is a clean lithium developer utilising direct extraction technology for the development of high purity lithium products with significant ESG benefits from its flagship Kachi Project, as well as three other lithium brine projects in Argentina. No mining is involved in the brine processing. Lake holds 2,200km² of leases in a prime location within the Lithium Triangle, where 40% of the world's lithium is produced at the lowest cost.

A key difference in Lake's development plan to lithium production is to use an efficient direct lithium extraction method (DLE) from our technology partner, Lilac Solutions Inc. This method will enable Lake to be an efficient, cost competitive supplier of high-purity lithium with significant ESG benefits with a low carbon (CO₂) footprint, low water use and low land use. These products are in demand from Tier 1 electric vehicle makers and battery makers (ESG = Environmental, Social, Governance). The process allows for rapid scaling of production and Lake has a study on an expansion case at the Kachi Project to double production to 51,000 tpa LCE, initiated due to increasing demand (refer ASX announcement 31 July 2021). Such scalability can then be brought to the other projects potentially making Lake a Top 5 global producer in the future.

Operations

Overview of Operations for the Year

Kachi Lithium Brine Project - Catamarca Province, Argentina

Lake's 100%-owned Kachi Lithium Brine Project (Kachi) in Catamarca province, NW Argentina, covers an entire large lithium brine bearing basin with 39 mining leases (74,000 hectares). Lake aims to develop the project into production of 25,500 tpa battery quality lithium carbonate in 2024 by using the efficient DLE method from Lilac Solutions, as established in the Kachi Pre-Feasibility Study (PFS). Kachi has a large indicated and inferred resource of 4.4 million tonnes LCE (Indicated 1.0Mt, inferred 3.4Mt) (refer ASX announcement 27 November 2018).

During the year ended 30 June 2021, Lake initiated a Definitive Feasibility Study (DFS) in January 2021, with Hatch as lead consultant, and is progressing, based on the outcomes of a refreshed and robust pre-feasibility study (PFS) over the Kachi Project (refer ASX announcement 28 April 2020, refreshed 17 March 2021). The PFS shows a high margin, long-life potential operation with cost-competitive production, with strong financial results with US\$1.6 billion NPV8 (post tax), 35% IRR and US\$260 million annual EBITDA. The capital cost (capex) estimate is US\$544 million, with an operating cost (opex) of US\$4178/tonne Li₂CO₃. The 25-year modelled production at 25,500 tonnes per annum Lithium Carbonate Equivalent (LCE) utilises about 20% of the large JORC Mineral Resource (Indicated and Inferred) of 4.4 million tonnes LCE. The Environmental and Social Impact Study (ESIA) is underway with Knight Piesold. An energy optimisation study has shown that solar hybrid power is suitable for the project which delivers a low carbon footprint and is expected to lower the operating costs.

An expansion case to double production to 51,000 tpa LCE has been initiated due to increasing demand. Additional drilling is underway at the Kachi Project to support the expansion of future production, targeting 51,000tpa LCE. A four well, 1,600m drill program aims to upgrade Kachi's 4.4 Mt LCE Total Resource from M&I Resources to Reserves for Kachi's DFS and for production expansion study (refer ASX announcements 7 July 2021 and 31 July 2021).

An efficient, disruptive clean direct lithium extraction (DLE) technology, that can produce sustainable high purity lithium, with a smaller environmental footprint, has been developed by our technology partner, Lilac Solutions Inc, in California (Lilac). Lilac's DLE process adapts a widely used water treatment process called ion exchange to produce lithium. This allows the return of virtually all water (brine) to its source without changing its chemistry, apart from lithium removal. The land use is significantly reduced due to the removal of evaporation ponds and the plan to use solar hybrid power ensures a low carbon footprint. Lilac have received the backing of the Bill Gates-led Breakthrough energy fund, MIT's The Engine fund and Chris Sacca's Lowercarbon Capital fund, among others. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low

impurities and high (80-90%) lithium recoveries (refer ASX announcement 20 October 2020). Test results were incorporated into the PFS.

The Lilac's direct extraction pilot plant modules in California, using brines from Lake's Kachi Lithium Brine Project, have produced lithium chloride for conversion into lithium carbonate. Hazen Research Inc, an independent assay laboratory, produced high purity battery quality lithium carbonate (99.97% purity) with very low impurities (refer ASX announcement 20 October 2020). This product performed successfully in nickel-rich NMC622-based lithium-ion battery test cells based on initial testing by Novonix (refer ASX announcement 2 March 2020).. Discussions continue with potential offtakers for the products, both battery /cathode makers and electric vehicle companies.

The table below (Table 1) outline the resource reported on 27 November 2018 in accordance with the JORC Code (2012) and estimated by a Competent Person as defined by the JORC Code. The resource estimate has not changed materially from November 2018 to 30 June 2021.

Table 1: Kachi Mineral Resource Estimate - November 2018 (JORC Code 2012 Ed.)

RESOURCE ESTIMATE KACHI						
	Indicated		Inferred		Total Resource	
Area km ²	17.10		158.30		175.40	
Aquifer volume km ³	6		41		47	
Brine volume km ³	0.65		3.2		3.8	
Mean drainable porosity % (Specific yield)	10.9		7.5		7.9	
Element	Li	K	Li	K	Li	K
Weighted mean concentration mg/L	289	5,880	209	4,180	211	4380
Resource tonnes	188,000	3,500,000	638,000	12,500,000	826,000	16,000,000
Lithium Carbonate Equivalent tonnes	1,005,000		3,394,000		4,400,000	
Potassium Chloride tonnes	6,705,000		24,000,000		30,700,000	

Lithium is converted to lithium carbonate (Li₂CO₃) with a conversion factor of 5.32
Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91
Mg/Li ratio averages 4.7

Competent Person's Statement – Kachi Lithium Brine Project

The information contained in this report relating to Exploration Results has been compiled by Mr Andrew Fulton. Mr Fulton is a Hydrogeologist and a Member of the Australian Institute of Geoscientists and the Association of Hydrogeologists. Mr Fulton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to Lake Resources NL. Mr Fulton consents to the inclusion in this announcement of this information in the form and context in which it appears. The information is repeated in an ASX announcement of 20 November 2018 by Lake Resources and is an accurate representation of the available data from initial exploration at the Kachi project

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

Lake holds mining leases over ~45,000 hectares in two areas in Jujuy Province in NW Argentina - Lake's Olaroz and Cauchari Lithium Brine Projects and the Paso Lithium Brine Project, 100% owned by Lake.

The Cauchari Lithium Brine Project was drilled successfully in 2019, which demonstrated that the high-grade lithium brines in the adjoining world class project extended into Lake's 100% owned leases, with multiple high-grade lithium brines zones over a 506m interval (102m to 608m depth). Results ranged

from 421 to 540 mg/L lithium (493 mg/L average) in detailed sampling with higher-grade results that averaged 493 mg/L lithium over 343m (from 117m to 460m), up to 540 mg/L,

Direct lithium extraction methods will be tested on lithium brine samples from the Cauchari Project. This will be followed by a scoping study for future production, including environmental impact studies and drilling for a resource statement.

Drilling at the Olaroz and Paso projects is planned when drilling is permitted. The Catamarca Pegmatite project will be progressed after the other projects.

Corporate and Financial

A major advance was made towards future clean lithium production during and immediately post the financial year from Lake's flagship Kachi Lithium Brine Project in Catamarca Province.

1. Major Resource (Nov 2018) – Only 20 percent of the current Kachi resource is utilised over 25 years of production at 25,500tpa LCE with drilling now underway to upgrade the resource to support an expanded production rate of 51,000 tpa LCE;
2. Robust Pre-Feasibility Study (PFS) (Apr 2020, Refreshed March 2021) - Strong cashflows (EBITDA) of US\$260m per year with an NPV8 post tax of US\$1580m, based on a capital cost of US\$544m and operating costs of US\$4170/t LCE;
3. A Definitive Feasibility Study (DFS) and an Environmental and Social Impact Assessment (ESIA) covering the Kachi Project are well advanced and targeting completion in Q2, 2022;
4. High purity product (Oct 2020; Mar 2021) - Very low impurity product, tested in nickel rich NMC622 batteries with an independent and respected third party, Novonix;
5. Significant ESG benefits - Low carbon products are in demand by electric vehicle and grid scale battery makers and the Kachi project can deliver an important reduction in brine and water use, and land use due to Lilac's direct extraction and brine reinjection.
6. Pilot Plant & Demonstration Plant - Pilot plant has been successfully operating in California since March 2020. The demonstration plant is targeted to be on-site in Q1 2022 to produce larger volume (50kg to 500kg) samples for prospective offtake partners;
7. Project Finance well underway (Aug 2021) - Export Credit Agencies interested to provide 70 percent of total finance, triggered by the completion of DFS and ESIA.
8. Equity Finance - A\$25m at end June 2021 with potential option conversion to anticipated to deliver a further ~\$20m and new Bonus options to deliver ~A\$25m in late Oct 2021 and potentially a further \$70m in June 2022, through further options conversions, currently out-of-the-money.

Lake is funded to the final investment decision (FID) on construction finance for Kachi, anticipated in mid-2022, followed by construction, targeting 25,500 tonnes per annum (tpa) lithium carbonate (LCE) production, with commissioning and production in 2024.

Post the end of the financial year, Lake formally partnered with Lilac for the technology and funding to develop the Kachi Project (refer ASX announcement 22 September 2021). Under the agreement, Lilac will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25% stake in Lake's Kachi project based on performance-based milestones. Lilac, after earning its interest in Kachi, will be expected to fund approximately US\$50 million, equivalent to its pro rata share of future development costs - aligning innovation, funding, development, and production. Lilac can earn in to Kachi in the following stages:

Stage 1: Lilac will earn 10% project equity on committing to fund at its cost the completion of testing of its technology for the Kachi project in accordance with an agreed timeline.

Stage 2: Lilac will earn a further 10% on satisfying all agreed testing criteria using the demonstration plant at the Kachi Project in accordance with an agreed timeline.

Stage 3: Lilac may earn a further 5% on refined lithium chemical product from Kachi achieving the highest agreed qualification standards with certain potential offtake partners.

Other Key Terms:

Lilac will provide technology services and its proprietary ion-exchange materials for the life of the project, subject to meeting the testing criteria and certain agreements being finalized and entered into. Both Lake and Lilac will have pre-emptive rights in respect of each other's interests. Lake has certain buy back rights if Lilac does not meet agreed testing criteria or if an acceptable services agreement cannot be agreed with Lilac within an agreed timeline.

Post the end of the financial year, Lake announced that the UK Export Finance (UKEF), the Export Credit Agency (ECA) of the United Kingdom, had provided a strong Expression of Interest to support approximately 70% of the total finance required for Lake's Kachi Project, subject to standard project finance terms, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles (refer ASX announcement 11 August 2021). The ECA led project finance would deliver a significantly lower cost of capital than traditional financing structures, with the principal repaid over an 8.5-year period post-construction. UKEF indicated that debt finance is available to support expanded production to 51,000 tpa of high purity lithium carbonate equivalent. UKEF's Expression of Interest will encourage a UK-led sourcing strategy while allowing flexibility for other leading ECAs to participate.

Canada's Export Credit Agency, EDC, provided a Letter of Interest to potentially work alongside UKEF to support approximately 70% of the total finance required for Lake's Kachi Project, subject to similar standard project finance terms as UKEF (refer ASX announcement 28 September 2021). EDC indicated the ability to provide direct lending to the project up to US\$100 million, subject to sourcing requirements. Such direct lending would be at the attractive OECD Fixed Commercial Interest Reference Rate ("CIRR") applicable at the date of signing, which is currently 1.77% fixed.

There has been a significant expansion in battery megafactories to 225 megafactories forecast in 2030, with 151 operating by calendar year end, which prefer high quality lithium products, especially with an ESG benefit, as Lake's products will be.

A significant and growing supply deficit has developed in late 2021 and 2022 which requires significant new scalable supply of lithium products.

The Consolidated entity had 1,058,002,327 shares on issue at 30 June 2021, with 52,512,693 listed LKEOB options at \$0.10 (expiry 15 June 2021) and unlisted options which included 15,000,000 options with an exercise price of \$0.09 (expiry July 2021, which were converted post yearend), 71,550,000 unlisted options with an exercise price of A\$0.30 (9 Mar 2023 expiry), 1,500,000 unlisted options with an exercise price of A\$0.30 (24 May 2023 expiry) and 1,000,000 unlisted options with an exercise price of A\$0.165 (27 Jan 2023 expiry), plus 10,000,000 LTI performance rights to board/management with various hurdles were approved by shareholders in August 2019.

Equity capital raisings were conducted during the financial year to sustain the development of the Kachi Project.

On 28 August 2020, 85.7 million shares were issued at \$0.03 per ordinary share by way of private placement to sophisticated and professional investors to raise \$2.55 million before costs. On 28 August 2020, 15 million shares were issued at \$0.033 per ordinary share in accordance with a Controlled Placement Agreement. On 25 September 2020, 15 million shares were issued at \$0.06 per ordinary share in accordance with a Controlled Placement Agreement. A \$200,000 loan, raised in July 2020, was retired with interest so that no loans are outstanding. On 19 January 2021, 40 million shares were issued at \$0.0844 per ordinary share in accordance with a Controlled Placement Agreement to raise A\$3.375

million. The Company entered into a Controlled Placement Agreement (the Agreement) in August 2018 with Acuity Capital Pty Ltd and the facility was extended and upsized on 27 November 2020. Unlisted options were converted in December/January including 18,300,000 options with an exercise price of \$0.046 and 5,555,000 options with an exercise price of \$0.08. On 25 January 2021, Lake had secured commitments in a private placement for A\$20.6 million (before costs) to issue approximately 125 million new ordinary shares at an offer price of \$0.165 per share to global institutional investors. Every two offer shares had one attached option (73,750,000 unlisted options) with an exercise price of A\$0.30 and a 9 Mar 2023 expiry. Roth Capital Partners LLC acted as sole placement agent which included fees of 11,250,000 options at the same price (included above). The Placement was priced at 6% discount to the 5-day VWAP and a 12% premium to 10 day VWAP. Listed options were progressively converted in H1, 2021, with an exercise price of \$0.10 and an expiry of 15 June 2021 with an uptake of approximately 93% which raised approximately \$4.8 million.

Lake Resources continued its secondary compliance listing on the OTC QB market with the ticker code LLKKF, with real time electronic trading, clearance and settlement established from January 2021.

Impact of COVID-19 on Operations

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially neutral for the Consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop with significant restrictions on travel and movement until 80% vaccination rates are achieved in Australia while the Argentine Government continues to expand its vaccinations, together with maintaining social distancing requirements, quarantine, and travel restrictions. Further information on the impact is detailed in Note 1(iv) of the financial statements.

Significant changes in the state of affairs

Equity capital raisings and options conversions were conducted during the financial year to sustain the development of the Kachi Project.

On 28 August 2020, 85.7 million shares were issued at \$0.03 per ordinary share by way of private placement to sophisticated and professional investors to raise \$2.55 million before costs. On 28 August 2020, 15 million shares were issued at \$0.033 per ordinary share in accordance with a Controlled Placement Agreement. On 25 September 2020, 15 million shares were issued at \$0.06 per ordinary share in accordance with a Controlled Placement Agreement. A \$200,000 loan, raised in July 2020, was retired with interest so that no loans are outstanding. On 19 January 2021, 40 million shares were issued at \$0.0844 per ordinary share in accordance with a Controlled Placement Agreement to raise A\$3.375 million. The Company entered into a Controlled Placement Agreement (the Agreement) in August 2018 with Acuity Capital Pty Ltd and the facility was extended and upsized on 27 November 2020. Unlisted options were converted in December/January including 18,300,000 options with an exercise price of \$0.046 and 5,555,000 options with an exercise price of \$0.08. On 25 January 2021, Lake had secured commitments in a private placement for A\$20.6 million (before costs) to issue approximately 125 million new ordinary shares at an offer price of \$0.165 per share to global institutional investors. Every two offer shares had one attached option (73,750,000 unlisted options) with an exercise price of A\$0.30 and a 9 Mar 2023 expiry. Roth Capital Partners LLC acted as sole placement agent which included fees of 11,250,000 options at the same price (included above). The Placement was priced at 6% discount to the 5-day VWAP and a 12% premium to 10 day VWAP. Listed options were progressively converted in H1, 2021, with an exercise price of \$0.10 and an expiry of 15 June 2021 with an uptake of approximately 93% which raised approximately \$4.8 million.

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

Subsequent to the end of the financial year, the Consolidated entity raised a further \$7.74 million through the conversion of unlisted options, which included 15,000,000 options with an exercise price of \$0.09

(expiry July 2021) and 21,313,752 unlisted options with an exercise price of A\$0.30 (9 Mar 2023 expiry,)

On the 28 July 2021 Lake announced a pro-rata non-renounceable issue to Eligible Shareholders of one free Bonus Option for every ten Shares held on the Record Date of 24 August 2021 (Bonus Option Offer), and for the issue to Eligible Option holders of one further free Additional Option for every Bonus Option exercised prior to the Bonus Option Expiry Date of 15 October 2021 (Additional Option Offer). Each Bonus Option gives Eligible Shareholders the opportunity, but not the obligation, to subscribe for an additional Share in the Company at the Exercise Price of \$0.35 per Bonus Option before 5:00pm on the Bonus Option Expiry Date (15 October 2021). Each Additional Option gives Eligible Option holders the opportunity, but not the obligation, to subscribe for an additional Share in the Company at the Exercise Price of \$0.75 per Additional Option before 5:00pm on the Additional Option Expiry Date (15 June 2022).

On 30 August 2021, 110,416,119 Bonus Options were issued at the Exercise Price of \$0.35 per Bonus Option and an Expiry Date of 15 October 2021. As at 24 September, 5,219,622 options had been converted raising a further \$1.82 million.

No other matter or circumstance has arisen since 30 June 2021 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

The focus for the Consolidated entity is to be a clean lithium developer utilising direct extraction technology for the development of sustainable, high purity lithium from its flagship Kachi Project. A definitive feasibility study (DFS) is underway on the Kachi project together with an Environmental and Social Impact Assessment (ESIA). When the studies are completed, together with suitably structured offtake contracts, the Export Credit Agency (ECA) led project finance should be triggered facilitating the completion of approximately 70% of the total finance required for Lake's Kachi Project.

Lake formally partnered with Lilac for the technology and funding to develop the Kachi Project (refer ASX announcement 22 September 2021). Under the agreement, Lilac will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25% stake in Lake's Kachi project based on performance-based milestones. It is anticipated that Lake will reduce its equity holding in the Kachi project as Lilac reaches these milestones.

Offtake discussions will continue which should lead to suitably structured offtake contracts for all parties.

Environmental regulation

The Consolidated entity is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

LAKE RESOURCES NL

Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2021

	Note	Consolidated Unaudited 2021	2020
		\$	\$
Expenses			
Depreciation and amortisation expense		(336)	(881)
Administrative expenses		(234,450)	(125,080)
Corporate expenses		(1,269,593)	(1,362,705)
Employee benefit expenses		(727,811)	(519,818)
Share based payments expense		(108,931)	(1,850,492)
Consultancy and legal costs		(550,873)	(548,002)
Foreign exchange gains and losses		(301,700)	13,887
Finance costs		-	(465,783)
Loss before income tax expense		(2,894,223)	(4,858,875)
Income tax expense		-	(44,021)
Loss after income tax expense for the year attributable to the owners of Lake Resources NL		(2,894,223)	(4,902,896)
Other comprehensive income for the year, net of tax		(225,152)	142,756
Total comprehensive income for the year attributable to the owners of Lake Resources NL		(3,119,375)	(4,902,896)
		Cents	Cents
Basic earnings per share		(0.38)	(0.87)
Diluted earnings per share		(0.38)	(0.87)

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
As at 30 June 2021

	Consolidated	
	Unaudited	
Note	2021	2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	25,657,074	55,511
Trade and other receivables	278,079	304,841
Other current assets	1,111,926	-
Total current assets	27,047,079	360,352
Non-current assets		
Investments accounted for using the equity method	-	35
Property, plant and equipment	79,941	532
Exploration and evaluation	20,791,924	17,352,504
Total non-current assets	20,871,865	17,353,070
Total assets	47,918,944	17,713,422
Liabilities		
Current liabilities		
Trade and other payables	790,551	583,027
Employee benefits - current	229,124	81,108
Total current liabilities	1,019,675	664,135
Non-current liabilities		
Employee benefits	27,998	-
Total non-current liabilities	27,998	-
Total liabilities	1,047,673	664,135
Net assets	46,871,271	17,049,287
Equity		
Issued capital	65,748,642	35,433,060
Reserves	3,364,591	3,343,899
Accumulated losses	(22,241,962)	(21,727,672)
Total equity	46,871,271	17,049,287

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

LAKE RESOURCES NL
Statement of Changes in Equity
for the year ended 30 June 2021

Note	Unaudited			
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020	35,433,060	3,343,899	(21,727,672)	17,049,287
Loss after income tax expense for the year	-	-	(5,519,999)	(5,519,999)
Other comprehensive income for the year, net of tax	-	(225,152)	-	(225,152)
Total comprehensive income for the year	-	(225,152)	(5,519,999)	(5,745,151)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity, net of transaction costs	30,206,651	-	-	30,206,651
Share based payments	108,931	2,625,776	-	2,734,707
Transfer from option reserve to accumulated losses on options expired / exercised	-	(2,379,932)	2,379,932	-
Balance at 30 June 2021	65,748,642	3,364,590	(22,241,962)	46,871,270
Balance at 1 July 2019	27,758,605	1,508,020	(16,824,776)	12,448,849
Prior period adjustment	-	471,214	-	471,214
Restated balance at 1 July 2019	27,758,605	1,979,234	(16,824,776)	12,913,063
Loss after income tax expense for the year	-	-	(4,902,896)	(4,902,896)
Other comprehensive income for the year, net of tax	-	142,756	-	142,756
Total comprehensive income for the year	-	142,756	(4,902,896)	(4,760,140)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity, net of transaction costs	7,045,871	-	-	7,045,871
Issue of unlisted options to financier SBI	-	391,058	-	391,058
Share-based payments	628,584	-	-	2,033,469
Transfer from option reserve to accumulated losses on options expired/ exercised	-	485,851	-	485,851
Balance at 30 June 2020	35,433,060	3,343,899	(21,727,672)	17,049,287

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

LAKE RESOURCES NL
Statement of cash flows
for the year ended 30 June 2021

	Consolidated Unaudited	
	2021	2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers	(3,377,948)	(2,488,298)
Net cash used in operating activities	(3,377,948)	(2,488,298)
Cash flows from investing activities		
Payments for exploration and evaluation	(3,852,917)	(4,220,576)
Net cash used in investing activities	(3,852,917)	(4,220,576)
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	32,799,927	6,129,377
Proceeds from borrowings	200,000	2,270,000
Repayment of borrowings	(167,499)	(2,894,575)
Payment of interest and fees on borrowings	-	(465,783)
Net cash from financing activities	32,832,428	5,039,020
Net increase/(decrease) in cash and cash equivalents	25,601,564	(1,669,855)
Cash and cash equivalents at the beginning of the financial year	55,511	1,725,366
Cash and cash equivalents at the end of the financial year	25,657,075	55,511

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.

i. 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 financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, 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.

ii. 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.

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.

iii. Equity Settled Compensation

The Consolidated entity 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.

iv. Comparative Figures

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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(v)- "Going Concern" above.

Impact of Covid 19

The impact of Covid 19 on the Consolidated entity's operation is discussed at note 1(iv) "Impact of Coronavirus" 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)***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***

The Consolidated entity 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.

Note 3. Operating segments (continued)

Geographical information

	Argentina		Australia	
	2021	2020	2021	2020
	\$	\$	\$	\$
Income statement				
Expenses	-	-	(5,519,999)	(4,858,875)
Tax	-	(44,021)	-	-
Loss after income tax expense for the year attributable to the owners of Lake Resources NL	-	(44,021)	(5,519,999)	(4,858,875)
Assets				
Exploration expenditure	20,791,924	17,352,504	-	-
Other assets	1,181,141	-	25,945,878	360,884
Total assets	21,973,065	17,352,504	25,945,878	360,884
Liabilities	350,185	205,862	697,489	458,274
Net Assets	21,622,881	17,146,642	25,248,390	(97,390)

Note 4. 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	
		2021	2020
		%	%
Lake Mining Pakistan (Pvt) Limited *	Pakistan	100%	100%
LithNRG Pty Ltd	Australia	100%	100%
Kachi Lithium Pty Ltd**	Australia	100%	100%
Minerales Australes SA **	Argentina	100%	100%
Morena del Valle Minerals SA **	Argentina	100%	100%
Lake Resources CRN Pty Ltd ***	Australia	100%	100%
Petra Energy SA	Argentina	100%	100%

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

** Kachi Lithium Pty Ltd was incorporated on 26 August 2021 and will be the vehicle through which the Kachi mining operations will be owned and managed. While the company is a wholly owned subsidiary of LithNRG Pty Ltd, Lilac Solutions will be able to take a 25% equity interest in the company on meeting certain milestone and funding requirements.

** Interest is held through LithNRG Pty Ltd.

*** Entity created solely as the holder of the Consolidated entity issued Convertible Notes in December 2018, and since then, all Notes have been repaid. The entity is dormant at present.

Note 5. Events after the reporting period

Subsequent to the end of the financial year, Post the end of the financial year, Lake formally partnered with Lilac for the technology and funding to develop the Kachi Project (refer ASX announcement 22 September 2021). Under the agreement, Lilac will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25% stake in Lake's Kachi project based on performance-based milestones. Lilac, after earning its interest in Kachi, will be expected to fund approximately US\$50 million, equivalent to its pro rata share of future development costs - aligning innovation, funding, development, and production. Lilac can earn in to Kachi in the following stages:

Stage 1: Lilac will earn 10% project equity on committing to fund at its cost the completion of testing of its technology for the Kachi project in accordance with an agreed timeline.

Stage 2: Lilac will earn a further 10% on satisfying all agreed testing criteria using the demonstration plant at the Kachi Project in accordance with an agreed timeline.

Stage 3: Lilac may earn a further 5% on refined lithium chemical product from Kachi achieving the highest agreed qualification standards with certain potential offtake partners.

Other Key Terms:

Lilac will provide technology services and its proprietary ion-exchange materials for the life of the project, subject to meeting the testing criteria and certain agreements being finalized and entered into. Both Lake and Lilac will have pre-emptive rights in respect of each other's interests. Lake has certain buy back rights if Lilac does not meet agreed testing criteria or if an acceptable services agreement cannot be agreed with Lilac within an agreed timeline.

Post the end of the financial year, Lake announced that the UK Export Finance (UKEF), the Export Credit Agency (ECA) of the United Kingdom, had provided a strong Expression of Interest to support approximately 70% of the total finance required for Lake's Kachi Project, subject to standard project finance terms, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles (refer ASX announcement 11 August 2021). The ECA led project finance would deliver a significantly lower cost of capital than traditional financing structures, with the principal repaid over an 8.5-year period post-construction. UKEF indicated that debt finance is available to support expanded production to 51,000 tpa of high purity lithium carbonate equivalent. UKEF's Expression of Interest will encourage a UK-led sourcing strategy while allowing flexibility for other leading ECAs to participate.

Canada's Export Credit Agency, EDC, provided a Letter of Interest to potentially work alongside UKEF to support approximately 70% of the total finance required for Lake's Kachi Project, subject to similar standard project finance terms as UKEF (refer ASX announcement 28 September 2021). EDC indicated the ability to provide direct lending to the project up to US\$100 million, subject to sourcing requirements. Such direct lending would be at the attractive OECD Fixed Commercial Interest Reference Rate ("CIRR") applicable at the date of signing, which is currently 1.77% fixed. The Consolidated entity entered into an agreement with Lilac. Funding agreements [see Director report]

No other matter or circumstance has arisen since 30 June 2020 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 26. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Lake Resources NL	(4,902,896)	(4,902,896)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	564,279,901	564,279,901
Weighted average number of ordinary shares used in calculating diluted earnings per share	564,279,901	564,279,901
	Cents	Cents
Basic earnings per share	(0.38)	(0.97)
Diluted earnings per share	(0.38)	(0.97)

