Lake Resources NL

ABN 49 079 471 980

Annual Financial Statements

for the year ended 30 June 2021

Directors	Stuart Crow - Non-executive Chairman Steve Promnitz - Managing Director and CEO Dr. Nicholas Lindsay - Executive Technical Director Dr. Robert Trzebski – Non-executive Director Amalia Saenz - Non-executive Director (Appointed 28 July 2021)
Company Secretary- Joint	Peter Neilsen (Appointed 27 July 2021). Garry Gill
Registered office and Principal Place of Business	Level 5, 126 Phillip Street, Sydney, NSW 2000, Australia Tel: +61 2 9299 9690
Share Register	Automic Registry Level 5, 126 Phillip Street Sydney, NSW 2000 Tel: 1300 288 664
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street, Brisbane, QLD 4000
Solicitors	HopgoodGanim Lawyers Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000
Bankers	National Australia Bank
Stock Exchange Listings	Australian Securities Exchange (ASX code: LKE) OTC QB: LLKKF
Website	www.lakeresources.com.au

Contents

The Directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as 'Lake' or 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 2021.

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)
S. Promnitz (Managing Director)
N. Lindsay (Executive Technical Director)
R. Trzebski (Non-Executive Director)
A. Saenz - Non-Executive Director (Appointed 28 July 2021)

Principal activities

During the financial year the principal activities of the Consolidated entity consisted of:

- Exploration and development of lithium brine projects in Argentina.

Dividends

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

Review of Operations

The loss for the Consolidated entity after providing for income tax amounted to $2,894,223 (2020: $4,902,896).

Corporate Strategy

Lake 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 (Li_2CO_3) 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.

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

On 28 August 2020, 85,666,667million 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, 15,000,000 shares were issued at $0.033 per ordinary share in accordance with a Controlled Placement Agreement. On 25 September 2020, 15,000,000 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. There are currently 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 option attached (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 H2 FY, 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, 85,666,667 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, 15,000,000 shares were issued at $0.033 per ordinary share in accordance with a Controlled Placement Agreement. On 25 September 2020, 15,000,000 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, 40,000,000shares 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 125,000,000new ordinary shares at an offer price of $0.165 per share to global institutional investors. Every two offer shares had one option attached (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 $42,890,670 through the conversion of unlisted options, which included 14,000,000 Director options with an exercise price of $0.09 (expiry July 2021) and 124,784,861 unlisted options with an exercise prices of A$0.30 and A$0.35.

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 28 October, 83,904,236 options had been converted raising a further $ 29,366,483 million.

On 22 September 2021, Lake formally partnered with Lilac for the technology and funding to develop the Kachi Project 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.

On 11 August 2021, 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. 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.

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

There has been a significant expansion in battery megafactories with 225 megafactories forecast to be in operation by 2030 These facilities prefer high quality lithium products, especially with the ESG benefit that Lake's products will provide. A significant and growing supply deficit is forecast to develop in late 2021 through to 2022 which requires significant new scalable supply of lithium products.

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.

Information on Directors

Name	Stuart Crow
Title	Non-Executive Chairman
Experience and expertise	Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses in financial advisory for over 30 years
Other current Directorships	Non-Executive Director Todd River Resources Ltd (ASX: TRT) Non-Executive Director Ironridge Resources Limited (AIM: IRR)
Former Directorships (last 3 years)	None
Name	**Stephen Promnitz**
Title	Managing Director and CEO
Experience and expertise	Mr Promnitz led Lake since 2016, bringing natural resources and energy experience with a focus on South America and South-East Asia, and delivered the lithium project portfolio. Previously he was CEO of small/mid-tier companies or senior manager with global resource companies (Rio Tinto, WMC) together with holding senior corporate finance roles with Westpac and Citigroup.
Other current Directorships	None
Former Directorships (last 3 years)	None

Name	Dr Nicholas Lindsay
Title	Executive Technical Director
Experience and expertise	Dr Nicholas Lindsay is an experienced mining executive, with a BSc (Hons) degree in Geology, a PhD in Metallurgy and Materials Engineering as well as an MBA. 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. Dr Lindsay has previously held the role of CEO of Manuka Resources Ltd, and the position of President – Chilean Operations for Kingsgate Consolidated Ltd.
Other current Directorships	None
Former Directorships (last 3 years)	Valor Resources (to October 2020)

Name	Dr Robert Trzebski
Title	Non-Executive Director
Experience and expertise	Dr. Trzebski is currently Chief Operating Officer of Austmine Ltd and holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 30 years professional experience in project management and mining services. He has considerable operating and commercial experience in Argentina and Chile, as a Non-Executive Director of Austral Gold since 2007, listed on the ASX and TSX-V and is Chairman of the Audit and Risk Committee. His role with Austmine has allowed him to develop considerable contacts across the operating and technology space of the global resources industry. Dr. Trzebski is also a fellow of the Australian Institute of Mining and Metallurgy and is fluent in Spanish and German as well as English.
Other current Directorships	Austral Gold (ASX: AGD)
Former Directorships (last 3 years)	None

Name	Amalia Saenz (appointed 28 July 2021)
Title	Non-Executive Director
Experience and expertise	Ms. Amalia Sáenz is a partner at the legal firm, Zang, Bergel & Viñes, in Buenos Aires and leads the Energy and Natural Resources practice. Sra. Sáenz joined the firm some years ago to meet increased demand from clients looking to invest in Argentina's natural resources space. Previously, Ms. Sáenz was with respected legal firm Brons & Salas, in Buenos Aires, and her practice covered the full scope of natural resources and energy and oil and gas, with specific focus on tenders, acquisitions, financing, joint venture and operation agreements in Argentina. She is a leading member of the Association of International Petroleum Negotiators. Also, in the past, Ms. Sáenz was the Legal Manager with Bridas Corporation living in Central Asia -as well in United Kingdom- experiencing working in an exploration and production operations in a context of a mixture of cultures.
Other current Directorships	None.
Former Directorships (last 3 years)	None.

Notes:

- 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 Secretaries

The Company Secretary in office at the end of the financial year was Mr Garry Gill. Mr Gill is a chartered accountant with more than 30 years' experience in all facets of corporate, financial and administrative functions, Mr Gill has served in a range of positions including as CFO, company secretary and other senior executive positions for a number of listed and unlisted public companies. These have included serving as finance director and company secretary of Jupiters Limited, CFO/Corporate Services Manager of South Bank Corporation in Brisbane, before forming a consultancy service for small cap ASX companies over the last decade. He has delivered improved strategic analysis and financial management, streamlined budgets, refinancing, and stakeholder management of small/mid cap resource companies.

Mr Peter Neilsen who was appointed on 27 July 2021, is a chartered accountant with more than 20 years' experience in all facets of financial management, asset management and leadership. He has served in a range of positions including as Chief Financial Officer (CFO), company secretary, finance manager and other senior executive positions for a number of listed and unlisted companies in the energy and natural resources sector. These have included Barrick, Xstrata and Round Oak. Mr Neilsen has been involved in reducing operation expenses up to $100M through cost analysis, performance improvements and contract negotiations, acquisitions of up to $80M and managed revenues in excess of $5Bn.

Mr Neilsen was appointed as Chief Financial Officer and joint Company Secretary, to drive the Kachi Project's financing and development. This includes guiding a panel of international project financiers to successfully secure funding for Lake's lithium production and developing and assisting Lake's team in Argentina to organise development activities and lithium production.

Peter replaces Garry Gill, who will step down from the role following a transitional period.

Directors' Interests in the Consolidated entity

At the date of this report, the interests of the Directors in the shares, options and performance rights of the Consolidated entity were:

	Ordinary Shares	Options	Performance Rights
S Crow (Non-Executive Chairman)	20,138,906	613,794.00	5,000,000
S Promnitz (Managing Director)	11,278,319	1,127,832	2,500,000
N Lindsay (Executive Technical Director)	4,816,667	650,000	2,500,000
R Tzrebski (Non-Executive Director)	-	-	-
A Saenz	-	-	-

Meetings of Directors

The number of meetings of the Consolidated entity's Board of Directors held during the year ended 30 June 2021 and the number of meetings attended by each Director were:

	Held	Attended
S Crow	15	15
S Promnitz	15	15
N Lindsay	15	15
R Trzebski	15	15

"Held" represents the number of meetings held during the time the Director held office and was eligible to attend.
Ms Saenz was appointed after the end of the financial year

Remuneration Report (Audited)

The remuneration report outlines the Director and executive remuneration arrangements for the Consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations For the purposes of this report, Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

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.

a) *Principles used to determine the nature and amount of remuneration*

The Board's policy is to remunerate KMP at market rates for time, commitment, responsibilities, and overall performance. The Board determines payments to the KMP and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The Board aims to remunerate at a level that will attract and retain high-calibre directors, officers, and employees. KMP are remunerated to a level consistent with the size of the Consolidated entity.

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 Consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Consolidated entity. The Consolidated entity did not utilise the services of a remuneration consultant for the year.

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 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 performance 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 seeks 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.

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..

The current non-executive directors' fees are determined within an aggregate directors' fee limit. The maximum current aggregate non-executive directors' fee limit stands at $350,000 per annum.

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 comprises four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration including 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 remuneration. 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.

Employment Consultant

During the year the Company engaged remuneration consultant Godfrey Remuneration Group to benchmark the board and executive salaries, to assist in developing short term and long-term incentive plans and to make recommendations regarding remuneration structures. The consultant has provided a framework for the STVR and LTVR discussed below. The cost of the project was $58,410 inclusive of GST. At the date of this report the process is incomplete.

Short Term Variable Remuneration (STVR) Plan

The Consolidated entity has undertaken to implement entitlements to participate in performance based STVR incentive arrangements. The STVR will reflect generally the following elements:

- maximum entitlement of approximately 20% of Base Pay and Benefits
- the package to comprise half cash and half in a grant of performance shares

The associated performance hurdles and weighting may include:

- in respect of the cash component, the delivery of a definitive feasibility study (DFS) at the Company's Kachi Lithium Brine Project (Project) and financing for the Project being approved
- The hurdles and weighting for the performance shares are to be measured no later than 15 months after the executive's Commencement Date.

The grant of performance shares to Executive Directors is subject to shareholders' approval.

At the date of this report no STVR incentives have been made or proposed.

Long Term Incentive (LTI) Plan

At the 2016 Annual General Meeting, the shareholders of the Consolidated entity approved the Long-Term Incentive (LTI) Plan ('Plan'). The Plan was updated and extended at an Extraordinary General Meeting (EGM) of the Shareholders on 15 August 2019 at which approval was granted to issue up to 25,000,000 performance rights under the 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 Consolidated entity aligning the interest of both employees and shareholders and for the Consolidated entity to reward eligible employees for their effort. The Plan contemplates the issue to eligible employees of performance rights which may have milestones.

Mr Promnitz' 2.5 million performance rights and Mr Crow's 5 million performance rights will vest once an investment partner signs an agreement to invest in the Kachi project in Catamarca (Investor). Dr Lindsay's remaining 2.5 million performance rights will vest when a Pilot Plant is established on-site at the Kachi project in Catamarca (Pilot Plant).

Long Term Variable Remuneration (LTVR) Plan

The LTVR will be equal to 40% of the annual value of the executive's Base Pay and Benefits as at the Commencement Date, comprised in performance shares granted in tranches over three years, subject to achievement of the following performance hurdles, weighted as indicated:

(1) for the first tranche, measured no later than 15 months after the Commencement Date – the Company

putting a project team in place to build the Project DFS and building the demonstration plant on site (40%);

(2) for the second tranche, measured at the end of the second year after the Commencement Date – closing the debt and equity financing for the Company's Kachi Lithium Brine Project (Kachi Project) on terms satisfactory to the Company (40%);

(3) for the third tranche, measured at the end of the third year after the Commencement Date – the Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project (20%).

In each case the performance hurdles will be measured at the end of the indicated measurement periods by the Company's Remuneration Committee who will determine the actual entitlement for the relevant measurement period.

The grant of performance shares to Executive Directors is subject to shareholders' approval.

At the date of this report no LTVR incentives have been made or proposed.

Voting and comments made at the Consolidated entity's 2020 Annual General Meeting ('AGM')

In excess of 75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Consolidated entity did not receive any specific feedback regarding its remuneration practices at the AGM.

b) 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 KMP of the Consolidated entity consisted of the following Directors of Lake Resources NL:

S Crow (Non-Executive Chairman)
S Promnitz (Managing Director)
N Lindsay (Non-Executive Director)
R Trzebski (Non-Executive Director)

And the following executive:

G Gill (Chief Financial Officer and joint Company Secretary)

Key Management Personnel	Directors' Fees and/or Salary $	Consulting Fees $	Annual Leave $	Long Service Leave $	Post-Employment Benefits Superannuation $	Share Based Payments – Performance rights & options $	Total $
2021							
Non-Executive Directors							
S Crow	140,000	74,100[4]	-	-	-	-	214,100
N Lindsay[1]	120,000	16,900[4]	-	-	-	-	136,900
R Tzrebski	61,000	-	-	-	5,792	-	66,792
Executive Director							
S Promnitz	295,192	-	65,912	27,998	28,043	-	417,145
Executive							
G Gill	172,500	-	-	-	-	-	172,500
Totals	788,692	91,000	65,912	27,998	33,835	-	1,007,437

Key Management Personnel	Directors' Fees and/or Salary $	Consulting Fees $	Annual Leave $	Long Service Leave $	Post-Employment Benefits Superannuation $	Share Based Payments – Performance rights and options $	Total $
2020							
Non-Executive Directors							
S Crow	100,000	93,600[5]	-	-	-	176,325	369,925
N Lindsay	60,000	65,000[5]	-	-	-	341,638	466,638
R Tzrebski[2]	27,823	-	-	-	2,643	-	30,466
Executive Director							
S Promnitz	230,384		17,722	-	21,887	312,888	582,881
Executive							
G Gill[3]	67,500	-	-	-	-	-	67,500
Totals	485,707	158,600	17,722	-	24,530	830,851	1,517,410

[1] *N Lindsay became an Executive Director on 1 January 2021*

[2]*Appointed 10 December 2019*

[3]*Appointed* 15 October 2019

[4]*The remuneration for the 2021 financial year ending 30 June 2021 includes consultancy fees paid to companies associated with Stuart Crow for consultancy services in the amount of $74,100 and to Lindsay Rueda Services Pty Ltd (a company associated with Dr Nicholas Lindsay) in the amount of $16,900 for consulting services relating to the Kachi project prior to his appointment as technical director*

[5]*the remuneration for the 2020 financial year ending 30 June 2020 includes consultancy fees paid to companies associated with Stuart Crow for consultancy services in the amount of $93,600 and to Lindsay Rueda Services Pty Ltd (a company associated with Dr Nicholas Lindsay) in the amount of $65,000 for consulting services relating to the pre-feasibility study.*

Percentages of remuneration that are performance based:

Name	Fixed remuneration 2021	Fixed remuneration 2020	At risk - STI 2021	At risk - STI 2020	At risk - LTI 2021	At risk - LTI 2020
Non-Executive Directors						
S Crow	100%	100%	0%	0%	48%	0%
N Lindsay	100%	100%	0%	0%	73%	0%
R Tzrebski	100%	n/a	0%	n/a	0%	n/a
Executive Director						
S Promnitz	100%	100%	0%	0%	54%	0%
Executive						
G Gill	100%	100%	0%	0%	0%	0%

c) 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, with a review point scheduled for 12 months from commencement date, subject to satisfactory performance. Effective from 1 January 2021 as an interim measure pending the negotiation of a new agreement, base salary was increased to $360,000 plus statutory superannuation. Short term and long-term variable remuneration incentives are to be determined in conjunction with recommendations of an external independent remuneration consultant. If termination notice given by Consolidated entity, the Consolidated entity 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. Consolidated entity shall have the right to choose whether Mr. Promnitz work his notice or paid in lieu of notice
Name	N Lindsay
Title	Executive Technical Director
Agreement commenced	1 January 2021
Term of agreement	**Basis of engagement** – Prior to being appointed as an executive Director Dr Lindsay (while a non-executive Director) received consulting fees for work on the Kachi project at the daily rate of $1,300 plus GST. Contract from 1 January 2021 to 30 June 2021 at a contract rate of $25,000 per month plus GST and full-time employee from 1 July 2021 with no fixed term assigned. **Remuneration** as full-time employee - Annual Base Salary of $300,000.00 per annum exclusive of statutory superannuation contributions. Short term and long-term variable remuneration (STVR and LTVR) incentives are to be determined in conjunction with recommendations of an external independent remuneration consultant and reflect generally the elements set out in section (a) of this report. If termination notice given by Consolidated entity, the Consolidated entity shall be liable to pay full compensation for a six-month notice period. If notice is given by Dr Lindsay, the notice period is three months. Consolidated entity shall have the right to choose whether Dr Lindsay work his notice or paid in lieu of notice
Name	G. Gill
Title	Chief Financial Officer (until 13 July 2021) and Joint Company Secretary
Agreement commenced	15 October 2019
Term of agreement	The Consolidated entity has entered into an agreement with Garry Gill and his company to provide services as Company Secretary and Chief Financial Officer. Services are to be provided on a part time basis and at a rate of $15,000 per

	month plus GST plus expenses which may be amended as required. On 27 July the Company announced that Mr Peter Neilsen would replace Mr Gill as CFO and Company Secretary and that Mr Gill would continue for a transitionary period.
Name	P Neilsen
Title	Chief Financial Officer (from13 July 2021) and Joint Company Secretary
Agreement commenced	13 July 2021
Term of agreement	Term - 3 years from date of appointment Remuneration: $330,000 inclusive of statutory superannuation Sign on bonus – 2 million options with exercise price of 50% greater that market price at commencement date and expiry of 3 years from commencement date. Entitlement to participate in the performance based short term and long term variable remuneration plans

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

Non-executive director arrangements

Non-executive directors enter into an agreement with the Consolidated entity in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director and for any additional services provided. Two non-executive Directors, Mr Crow and Dr Lindsay (Dr Lindsay was appointed as an executive Director on 1 January 2021) received consulting fees of $1,300 per day plus GST for services provided to the Company.

d) Share-based compensation

Issue of shares

During the year 5,000,000 shares were issued to Directors following the vesting of Performance rights during the previous financial year. The performance rights which were granted to Mr Promnitz and Dr Lindsay on 15 August 2019 vested on 30 April 2020 and the fully paid ordinary shares were issued on 31 August 2020.

Name	Number of Rights vested	Grant date	Expiry date	Fair value at grant date	Shares issued during the year
S. Promnitz	2,500,000	15-Aug-19	15-Aug-24	$0.0575	2,500,000
N. Lindsay	5,000,000	15-Aug-19	15-Aug-24	$0.0575	2,500,000
Total	15,000,000	15-Aug-19	15-Aug-24	$0.0575	5,000,000

Options

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

Grant Date	Vesting and exercisable date	Expiry date	Exercise Price	Fair value at grant date	Vested	Expired / Exercised
30-Nov-2017*	30-Nov-2017	31-Dec-2020	$0.28	$0.140	100%	100%
15-Aug-2019	15-Aug-2019	31-July-2021	$0.09	$0.032	100%	100%

*The options expired unexercised.

On 15 August 2019, 15,000,000 options over ordinary shares were issued to Directors following approval at the shareholder meeting of 15 August 2019. The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of Options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise Price	Fair value at grant date
S. Crow	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.032
S. Promnitz	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.032
N. Lindsay	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.032
Total	15,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.032

Of the 15,000,000 options on issue at the exercise date, 14,000,000 were exercised by the expiry date.

Performance Rights

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

Grant Date	Expiry date	Value at Grant	No of Rights	Performance Hurdle	Performance achieved	No. vested and exercised
15-Aug-2019	15-Aug-24	$0.0575	5,000,000	PFS	100%	5,000,000
15-Aug-2019	15-Aug-24	$0.0575	2,500,000	Pilot plant	-%	-
15-Aug-2019	15-Aug-24	$0.0575	7,500,000	Investor	-%	-
Total			15,000,000			5,000,000

On 15 August 2019,15,000,000 Performance rights were issued to Directors following approval at the shareholder meeting of 15 August 2019. Of the performance rights granted to Mr Promnitz and Dr Lindsay 5 million rights vested on 30 April 2020 and were issued on 31 August 2020.

Name	Number of Rights granted	Grant date	Expiry date	Fair value at grant date	Exercised during the year
S. Promnitz	5,000,000	15-Aug-19	15-Aug-24	$0.0575	2,500,000
S. Crow	5,000,000	15-Aug-19	15-Aug-24	$0.0575	-
N. Lindsay	5,000,000	15-Aug-19	15-Aug-24	$0.0575	2,500,000
Total	15,000,000	15-Aug-19	15-Aug-24	$0.0575	5,000,000

Performance rights issued as part of remuneration were issued following shareholder approval at a meeting held on 15 August 2019. On 30 April 2020, 2,500,000 rights granted to each of Mr Promnitz and Dr Lindsay vested following the completion and announcement of the pre-feasibility study. The shares were issued on 31 August 2020.

e) Link between remuneration and performance

During the year, the Consolidated entity has generated losses from its principal activity of exploring and developing its suite of lithium projects. As the Consolidated entity is still growing the business, the link between remuneration, performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuation in the world market price for lithium and general market sentiment towards the sector, and, as such, increases or decreases may occur quite independently of Executive performance. Given the nature of the Consolidated entity's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods.

The earnings of the Consolidated entity for the five years to 30 June 2021 and share price as at each year end are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Net Loss	3,119,375	4,760,440	4,760,140	3,540,391	1,170,745
Net Assets	46,871,271	17,049,287	12,913,063	6,505,140	3,228,950
Share Price at year end (cents)	33.5	3.5	9	9	3

f) *Additional disclosures relating to key management personnel*

Shareholding

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

	Balance at start of year	Received as part of remuneration	Additions	Disposals / Other	Balance at end of year
S. Crow	10,104,131	-	6,237,648	-	16,341,779
S Promnitz	14,131,293	2,500,000	7,447,661	(12,800,635)	11,278,319
N Lindsay	-	2,500,000	4,000,000	-	6,500,000
R Tzrebski	-	-	-	-	-
G Gill	-	-	36,416	-	36,416
Total	24,235,424	5,000,000	**17,721,725**	**(12,800,635)**	**34,156,514**

Options

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

	Balance at start of year	Granted as remuneration	Exercised	Listed options Received	Expired / forfeit	Balance at end of year
S. Crow	9,260,197	-	(6,260,197)	-	(3,000,000)	-
S Promnitz	12,447,661	-	(7,447,661)	-	(5,000,000)	-
N Lindsay	6,500,000	-	(4,000,000)	-	(2,500,000)	-
R Tzrebski	-	-	-	-	-	-
G Gill	-	-	-	-	-	-
Total	28,207,858	-	(17,707,858)	-	(10,500.000)	**-**

Performance rights

Movements in the number of performance rights over ordinary shares in the Consolidated entity held during the financial year by each director and other members of key management personnel of the Consolidated entity, including their personally related parties, are set out below.

	Balance at start of year	Granted as remuneration	Converted to shares	Expired	Balance at end of year
S. Crow	5,000,000	-	-	-	5,000,000
S Promnitz	5,000,000	-	(2,500,000)	-	2,500,000
N Lindsay	5,000,000	-	(2,500,000)	-	2,500,000
R Tzrebski	-	-	-	-	-
G Gill	-	-	-	-	-
	-	**-**	**(5,000,000)**	**-**	10,000,000

Performance rights issued as part of remuneration were issued following shareholder approval at a meeting held on 15 August 2019. On 30 April 2020, 2,500,000 rights granted to each of Mr Promnitz, and Dr Lindsay vested following the completion and announcement of the pre-feasibility study. The shares were issued on 31 August 2020.

End of Audited Remuneration Report

Share Options

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
09-March-2021	09-March-2023	$0.30	17,339,375
09-March-2021	09-March-2023	$0.30	11,250,000
27-January-2021	27-January-2023	$0.30	1,000,000
24-May-2021	12-July-2024	$0.30	1,500,000
12-July-2021	12-July-2024	$0.55	2,000,000
01-August-2021	01-August-2024	$0.49	5,780,000
30-August-2021	15-June-2022	$0.75	4,000,000
28-July-2021	31-December-2024	$0.55	35,000,000
30-August-2021	15-October-2021	$0.35	26,511,883
30-August-2021	15-June-2022	$0.75	83,904,236
Total			188,285,494

Each option is convertible to one ordinary share. Option holders do not have the right to participate in any other share issue of the Consolidated entity or of any other entity. For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

Shares issued on exercise of options

During or since the end of the financial year, the Consolidated entity issued ordinary shares of the Consolidated entity as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued).

Date options granted	Expiry date	Exercise price	Number of shares issued
08-March-2019	28-February-2022	$0.08	5,555,000
19-August-2019	15-June-2021	$0.10	51,332,803
16-September-2019	31-July-2021	$0.09	14,000,000
28-October-2019	28-October-2022	$0.05	18,300,000
09-March-2021	09-March-2023	$0.30	40,880,625
30-August-2021	15-October-2021	$0.35	83,904,236
Total			166,505,335

Performance Rights

At the date of this report there were 10,000,000 unissued ordinary shares of Lake Resources NL under performance rights (10,000,000 at 30 June 2021 and 15,000,000 at 30 June 2020). During the financial year ended 30 June 2021, 5,000,000 performance shares were issued to Directors. These performance rights were granted on 15 August 2019 following approval at a meeting of Shareholders. No performance shares have been issued since 30 June 2021. Information on the issue of performance shares to Directors is provided in the remuneration report above.

Indemnity and insurance of officers

The Consolidated entity has indemnified the directors and executives of the Consolidated entity 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 Consolidated entity paid a premium in respect of a contract to insure the directors and executives of the Consolidated entity 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 Consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated entity or any related entity against a liability incurred by the auditor.

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

Proceedings on behalf of the Consolidated entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Consolidated entity, or to intervene in any proceedings to which the Consolidated entity is a party for the purpose of taking responsibility on behalf of the Consolidated entity 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 Consolidated entity who are former partners of BDO Audit Pty Ltd

There are no officers of the Consolidated entity who are former partners of BDO 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

BDO 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

Steve Promnitz
Managing Director

29 October 2021

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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF LAKE RESOURCES NL

As lead auditor of Lake Resources NL for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 period.

R M Swaby
Director

Brisbane, 29 October 2021

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:

Level 5, 126 Phillip Street
SYDNEY NSW 2000

LAKE RESOURCES NL

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Note	Consolidated 2021	2020
		$	$
Expenses			
Depreciation and amortisation expense		(337)	(881)
Administrative expenses		(234,450)	(125,080)
Corporate expenses		(1,269,593)	(1,362,705)
Employee benefit expenses		(727,810)	(519,818)
Share based payments expense	27	(108,931)	(1,850,492)
Consultancy and legal costs		(550,873)	(548,002)
Exploration expenditure impaired	10	(301,700)	-
Foreign exchange gains and losses	4	299,471	13,887
Non recoverable VAT		-	(44,021)
Finance costs		-	(465,783)
Loss before income tax expense	4	**(2,894,223)**	(4,902,896)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Lake Resources NL	16	**(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)	(4,760,140)
		Cents	Cents
Basic earnings per share	26	(0.35)	(0.87)
Diluted earnings per share	26	(0.35)	(0.87)

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

LAKE RESOURCES NL

Consolidated statement of Financial Position

As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	6	25,657,074	55,511
Other receivables	7	278,079	304,841
Other current assets	8	166,996	-
Total current assets		**26,102,149**	360,352
Non-current assets			
Investments accounted for using the equity method		-	34
Property, plant and equipment	9	79,941	532
Exploration and evaluation assets	10	21,736,854	17,352,504
Total non-current assets		**21,816,795**	17,353,070
Total assets		**47,918,944**	17,713,422
Liabilities			
Current liabilities			
Trade and other payables	11	790,551	583,027
Borrowings	12	-	-
Employee benefits	13	229,124	81,108
Total current liabilities		**1,019,675**	664,135
Non-current liabilities			
Employee benefits	13	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	14	65,748,642	35,433,060
Reserves	15	3,364,591	3,343,899
Accumulated losses	16	(22,241,962)	(21,727,672)
Total equity		46,871,271	17,049,287

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

LAKE RESOURCES NL

Consolidated statement of Changes in Equity

for the year ended 30 June 2021

	Note	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		-	-	(2,894,223)	(2,894,223)
Other comprehensive income for the year, net of tax		-	(225,152)	-	(225,152)
Total comprehensive income for the year		-	(225,152)	(2,894,223)	(3,119,375)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	14	30,206,651	-	-	30,206,651
Share based payments	14	108,931	-	-	108.931
Issue of unlisted options to brokers		-	2,625,776	-	2,625,776
Transfer from option reserve to accumulated losses on options expired / exercised	15	-	(2,379,932)	2,379,932	-
Balance at 30 June 2021		65,748,642	3,364,591	(22,241,962)	46,871,271
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)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs		6,032,043	-	-	6,032,043
Issue of share capital on conversion of options		1,743	-	-	1,743
Issue of share capital on conversion of convertible notes		549,764	-	-	549,764
Issue of share capital on close out of convertible notes		462,321	-	-	462,321
Issue of unlisted options to financier SBI		-	391,058	-	391,058
Share based payments		628,584	-	-	628,584
Issue of options to Directors		-	485,851	-	485,851
Issue of performance rights to Directors		-	345,000	-	345,000
Balance at 30 June 2020		35,433,060	3,343,899	(21,727,672)	17,049,287

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

LAKE RESOURCES NL

Consolidated statement of cash flows

for the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Payments to suppliers		(2,432,982)	(2,488,298)
Net cash used in operating activities	25	(2,432,982)	(2,488,298)
Cash flows from investing activities			
Payments for property, plant and equipment		(79,746)	-
Payments for exploration and evaluation		(4,718,136)	(4,220,576)
Net cash used in investing activities		(4,797,882)	(4,220,576)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	14	32,799,927	6,129,377
Proceeds from borrowings	12	200,000	2,270,000
Repayment of borrowings (refer Note 12)	12	(167,500)	(2,894,575)
Payment of interest and fees on borrowings		-	(465,783)
Net cash from financing activities		32,832,427	5,039,020
Net increase/(decrease) in cash and cash equivalents		25,601,563	(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	6	25,657,074	55,511

The above consolidated 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.

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. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity.

iii. Impact of Coronavirus (COVID-19)

Background

The spread of novel coronavirus (COVID-19), a respiratory illness caused by a new virus, was declared a public health emergency by the World Health Organisation in January 2020 and upgraded to a global pandemic in March 2020. This pandemic has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening.

Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Consolidated entity has considered the effects of these events based on the information at the date of issuing this financial report and potential effects of business and other market volatility in preparing its financial statements.

Impact and considerations for the financial statements / report of the Consolidated entity

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. The Consolidated entity has determined that its financial position and performance will not be significantly or materially impacted by COVID-19 when considering the nature of the Company's operations, supplier base, and levels of activity to date. In particular, the Directors have assessed the potential impact on

- the Consolidated entity's ability to raise capital and loan funds.
- conducting day to day exploration and development activities at its flagship Kachi Lithium Brine Project in Catamarca Province and its Cauchari Lithium Brine Project in Jujuy Province and
- the activities of the Consolidated entity's technology partner, Lilac Solutions Inc (Lilac), in California.

The Consolidated entity was successful in raising $20.6million of equity in February 2021 and experienced strong levels of exercise of its listed options in June 2021 and its unlisted options from 30 June 2021 through to the date of this report, raising an additional $42,890,670. The Consolidated entity announced the receipt of formal expressions of interest from UK Export Finance and Canada's Export Credit Agency to work with the Consolidated entity to provide the project finance for the development at approximately 70% of the project cost.

On 22 September 2021, the Consolidated entity announced to the ASX it had entered into a partnership with Lilac Solutions Inc to provide technology and funding to develop Lake's Kachi Lithium Brine Project.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, the Argentine Government, and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The Company will continue to monitor events as they occur to ensure that the potential impacts of the pandemic are minimised whilst ensuring safe working conditions for staff and contractors.

Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

iv. 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 $3,119,375 and net cash outflows from operating and investing activities of $7,230,865 for the year ended 30 June 2021. At 30 June 2021, the Company had net current assets of $26,027,044. The Directors note the following with regards to the ability of the Consolidated entity to continue as a going concern:

a. Subsequent to the end of the financial year, the Consolidated entity issued 138,784,861.00 shares to raise $42,890,670 before costs.

b. The Directors expect that while current funds would be sufficient to meet a minimum program of exploration and development, an expanded program would require additional funds. The Consolidated entity has previously raised funds through share placements, short term loans and capital raisings from new and existing shareholders.

c. In addition to the above, the Directors have been reviewing various funding opportunities for an expanded program and are in advanced discussions with potential cornerstone investors, other investors and development funding partners to meet ongoing needs and to position the Consolidated entity to secure funding for the first phase of potential staged production.

d. The Directors have the ability to schedule activities and hence expenditure in accordance with the availability of funds and their cash forecasts.

Based on the success in raising capital post year end as outlined above, the Directors are confident, that the Consolidated entity is well funded for the current planned works and for at least the next twelve months from the date of this report, and that the going concern basis of preparation for the financial report is appropriate.

v. 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 22.

vi. 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 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Consolidated entity from the date on which control is obtained by the Consolidated entity. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between consolidated 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 Consolidated entity.

vii. 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.

viii. Foreign currency translation

The consolidated financial statements are presented in Australian dollars.

The functional currency of each of the entities in the Consolidated entity is measured using the currency of the primary economic environment in which the entity operates. The Consolidated entity's financial statements are presented in Australian dollars which is the functional and presentation currency of Lake Resources N.L. (the parent and reporting entity).

Transactions 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 profit or loss and other 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 profit or loss and other comprehensive income.

Foreign operations

The functional currency of the Consolidated entity's foreign operations in Argentina is US Dollars (USD). From 1 July 2018, Argentina was declared a hyperinflationary economy due to the significant devaluation of the Argentine Peso (ARS). However, as the functional currency of the Argentine subsidiaries is USD, there was no material impact arising from the hyperinflationary effects of the ARS to the Consolidated entity's consolidated financial report.

The assets and liabilities of foreign operations are translated into Australian dollars (the presentation currency) 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.

ix. Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets at amortised cost

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

x. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/ (recovered from) the relevant tax authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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.

xi. 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.

xii. 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.

xiii. Other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

xiv. 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 Consolidated entity's share of net assets of the joint venture.

xv. 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.

xvi. Impairment of non-financial assets

At each reporting date, the Consolidated entity assesses whether there is any indication that a set may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the assets carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

xvii. 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.

xviii. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

xix. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

xx. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is 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.

xxi. Fair Value of Assets and Liabilities

The Consolidated entity 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 Consolidated entity would receive to see an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable, and willing market participants at the measurement date.

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

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

xxii. Provisions

Provisions are recognised when the Consolidated entity 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.

xxiii. 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.

xxiv. 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.

xxv. 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.

xxvi. 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.

Value Added Tax (VAT) in Argentina is assessable on the sale value of goods and services. To the extent that VAT credits on purchased goods and services cannot be claimed as refunds, the amount is recognised in income tax expense.

xxvii. 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 the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

The Consolidated entity currently operates entirely in the mineral exploration industry with interests in Argentina 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

	Argentina		Australia	
	2021 $	2020 $	2021 $	2020 $
Income statement				
Expenses	-	(44,021)	(2,894,223)	(4,858,875)
Loss after income tax expense for the year attributable to the owners of Lake Resources NL	-	(44,021)	(2,894,223)	(4,858,875)
Asset additions				
Exploration expenditure	4,911,133	3,425,876	-	-
Property, plant and equipment	79,746	-	-	-
Total assets	**21,973,065**	17,352,504	**25,945,878**	360,919
Total Liabilities	**350,185**	205,862	**697,488**	458,273

Note 4. Loss before income tax

Loss before income tax includes the following specific expenses:

	Consolidated 2021 $	Consolidated 2020 $
Corporate expenses		
Allowance for credit losses (refer note 7)	146,352	-
Consultancy and legal costs		
Legal expenses	76,041	57,534
Finance costs		
Interest and finance charges paid/payable	27,500	465,783
Net foreign exchange loss		
Net foreign exchange gain (loss)	299,471	13,887
Superannuation expense		
Defined contribution superannuation expense	28,995	28,995

Note 5. Income tax expense

Numerical reconciliation of income tax expense and tax at the statutory rate

	Consolidated	
	2021	2021
	$	$
Loss before income tax expense	(2,894,223)	(4,858,875)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(752,498)	(1,336,191)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	-	336,025
Other non-deductible / (allowable) expenses	17,872	4,081
	(734,626)	(996,085)
Future income tax benefit of tax losses not brought to account	(734,626)	(996,085)
Income tax expense	-	-

The Consolidated entity has unrecouped, unconfirmed carry forward tax losses of approximately $14.7 million (2020: $14.0 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 Consolidated entity 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 Consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the Consolidated entity in realising the benefit from the losses

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	$	$
Cash at bank and on hand	25,657,074	55,511

Note 7. Current assets - other receivables

Other receivables	424,431	304,841
Credit loss	(146,352)	-
Total trade and other receivables	278,079	304,841

Other receivables include amounts recoverable from the ATO in relation to GST and from shareholders for the issue of shares in prior years. Directors have reviewed the uncollected amounts from shareholders and concluded the funds are not recoverable. Accordingly, the receivables have been impaired to zero.

Note 8. Current assets - other current assets

Deposits	5,000	-
Prepayment	161,996	
Total other current assets	166,996	-

	Consolidated 2021 $	Consolidated 2020 $

Note 9. Property, plant and equipment

	2021 $	2020 $
Property plant & equipment	79,941	532
Australian assets:		
Plant & equipment at cost	81,746	2,000
less depreciation	(1,805)	(1,468)
Total	79,941	532

Note 10. Non-current assets - exploration and evaluation

	2021 $	2020 $
Exploration and evaluation assets - at cost	21,736,854	17,352,504

Reconciliations

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

	2021 $	2020 $
Opening balance at 1 July	17,352,504	13,783,872
Additions - direct exploration costs	4,911,133	3,425,876
Foreign currency movement	(225,152)	142,756
Impairment – Chile exploration expenditure	(301,631)	-
Balance at 30 June	21,736,854	17,352,504

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. During the year Directors determined that the expenditure on the Chile exploration project no longer met the criteria for carrying forward expenditure and accordingly the project was impaired to nil.

Note 11. Current liabilities - trade and other payables

	Consolidated 2021 $	Consolidated 2020 $
Trade payables	639,613	557,612
Sundry creditors and accrued expenses	150,938	25,415
Balance at 30 June	790,551	583,027

Refer to note 18 for further information on financial instruments.

Note 12. Current liabilities – borrowings

	Consolidated 2021 $	Consolidated 2021 $
Short term loans	-	-
Convertible Notes	-	-
Total	-	-

Movement in Loans
Short term loans

During the 2021 financial year a short-term loan for $200,000 was drawn and repaid in cash and through an issue of shares (refer below). A loan service fee of $27,500 was paid through an issue of shares (refer Note 27 (d)).

2021
Short term loan movements

Loan drawn	200,000	-
Repayments - cash	(167,500)	-
Loan service fee	27,500	-
Repayments by share issue	(60,000)	-
Closing balance	-	-

2020
Convertible Notes
During the 2020 financial year the then existing facilities – an unsecured note facility and a facility drawn through SBI were paid out. Movements in the notes during the 2020 financial year were as follows:

	Notes	$
Unsecured Notes		
Opening balance	4,400,000	472,502
Interest accrued	-	6,093
Redeemed for cash	(4,400,000)	(478,595)
Total	-	-
SBI Convertible Notes		
Opening balance	1,100,000	955,575
Issue of notes	1,650,000	1,500,000
Redeemed for shares	(550,000)	(549,764)
Early close out fee	-	523,272
Early close out cash repayment	(1,950,000)	(1,966,762)
Early close out share repayment	(250,000)	(462,321)
Total	-	-

Unsecured Notes

A summary of the key terms of the Notes are set out below

Denomination: The Notes were issued fully paid with a face value of $0.10 per Note.

Maturity Date: 18 months from the date of issue.

Interest Rate: The Notes attract interest at 15% per annum, payable quarterly in arrears in cash or fully paid ordinary shares issued at 95% VWAP of the shares for the 10-trading day period ending on the relevant interest payment date.

Note 12. Current liabilities – borrowings (continued)

Status and Ranking: The Notes rank equally with all other direct, unsubordinated and unsecured obligations of the Issuer.

Conversion: The Notes convert into fully paid ordinary shares at 80% VWAP of the shares for the 10-trading day period ending on the date of the conversion notice or maturity date.

SBI Convertible notes - early close out

In 2020 financial year the Consolidated entity entered into a formal agreement with SBI Investments (PR), LLC ("SBI"), for the early close out of the Convertible Securities funding facility, through a combination of both a cash payment and the issue of shares to SBI (which included an equity-based fee in consideration for the facility's early termination). Under the agreement, the Consolidated entity made a cash payment of A$1,966,762 and issued SBI with 11,558,021 ordinary shares on 11 February 2020.

SBI Convertible notes - early close out

A summary of the key terms of the Notes is set out below:

Denomination: The 1,820,00 Notes (first instalment) and the 1,650,000 Notes (second instalment) were issued fully paid with a face value of $0.909 per Note.

Maturity Date: 18 months from the date of issue of the first investment amount and 12 months from the date of issue of the second investment amount.

Interest Rate: The Consolidated entity authorised the investor to deduct from the first investment amount the interest payable for the initial first investment securities interest period at the rate of 15% per annum, being an amount equal to $248,250 (first year interest amount). The Consolidated entity authorised the investor to deduct from the second investment amount the interest payable for the first three months interest period at the rate of 12% per annum, being an amount equal to $45,000 (first quarter interest amount).

Conversion:

a) The number of shares to which the Investor is entitled upon conversion of the relevant convertible security is determined by the following formula:

   Number of shares = ARA / Conversion Price, where:

   ARA: means the aggregate of the repayment amount of the Convertible Security being converted by the Investor, plus any accrued (but unpaid) interest which is due and payable on the Conversion Date.

   Conversion Price: means the Conversion Price (as defined) per Convertible Security, which may be subsequently adjusted under this clause.

b) Where the number of shares to be issued to the Investor under this clause (above) includes a fraction, that fraction will be rounded to the nearest whole number.

Note 13. Employee benefits

(a) Current liability

	Consolidated 2021 $	Consolidated 2020 $
Annual leave	153,889	81,108
Wages payable - Argentina	28,555	-
Leave and other benefits payable - Argentina	46,680	-
Closing balance at 30 June	229,124	81,108

(b) Non-Current liability

Long service leave	27,998	-

Note 14. Equity - issued capital

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	1,058,077,327	671,461,957	65,748,642	35,433,060

a) *Movements in share capital*:

Description	Date	No of Shares	Price per share	$
2020			$	
Opening balance	1-Jul-19	457,296,192		27,758,605
Options exercise	2-Jul-19	43,570	0.040	1,743
Shares issued under Controlled Placement Agreement (CPA)	2-Aug-19	15,000,000	0.000	-
SBI Note Conversion	16-Jul-19	5,898,214	0.059	349,764
Share Placement	6-Sep-19	45,319,508	0.045	2,039,378
SBI Conversion	11-Oct-19	2,757,100	0.036	100,000
SBI Conversion	18-Nov-19	3,217,503	0.031	100,000
Redemption of SBI convertible notes	11-Feb-20	11,558,021	0.040	462,321
Share Placement	13-Feb-20	36,521,850	0.040	1,460,874
Share Placement	27-Feb-20	47,875,000	0.040	1,915,000
Share Placement	13-Mar-20	7,000,000	0.040	280,000
Share Purchase Plan	07-Apr-20	38,975,000	0.040	1,559,000
Refund of application monies for exercise of unlisted options		-	-	(6,299)
Capital raising costs - cash		-	-	(587,326)
Closing balance 30 June 2020		671,461,958		35,433,060

Note 14. Equity - issued capital (continued)

a) Movements in share capital (continued)

Details	Date	Ordinary shares	Price per share	$
2021			$	
Opening balance		671,461,958		35,433,060
Issue of shares - Placement	01-Sep-20	85,666,667	0.030	2,570,000
Conversion of Performance rights (vested April 2020)	31-Aug-20	5,000,000	-	-
Shares issued under CPA	01-Sep-20	15,000,000	0.033	495,000
Shares issued under CPA	24-Sep-20	15,000,000	0.060	900,000
Shares issued to expand CPA agreement	27-Nov-20	25,000,000	-	-
Shares issued under CPA	14-Dec-20	9,000,000	0.046	414,000
Shares issued under CPA	20-Jan-21	40,000,000	0.084	3,375,000
Issue of shares - SBI options	20-Jan-21	710,900	0.084	60,000
Issue of shares - Placement	20-Jan-21	9,300,000	0.046	427,800
Issue of shares - Placement	27-Jan-21	5,555,000	0.080	444,400
Issue of shares - Placement	29-Jan-21	50,000	0.165	8,250
Issue of shares - Share Purchase Plan	28-Jan-21	125,000,000	0.165	20,625,000
Listed options exercise	Jan – June 21	51,332,803	0.100	5,133,280
Capital raising costs - cash		-	-	(1,511,372)
Capital raising costs – options issued to brokers		-	-	(2,625,776)
Movement for the period		386,615,370		30,315,582
Balance 30 June 2021		1,058,077,327		65,748,642

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Consolidated entity 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.

Reconciliation of movements in share capital to proceeds from issue of shares, net of transaction costs:

	$
Issue of shares net of issue costs	30,315,582
Deduct shares in lieu of payments:	
Share based payments (Note 27)	(108,931)
Equity settled loan repayments (note 12)	(32,500)
Add back	
Options issued as issue costs (Note 27)	2,625,776
Proceeds from issue of shares, net of transaction costs	32,799,927

Note 14. Equity - issued capital (continued)

b) Share based payment transactions in share capital movements

Issues of share capital and certain share issue cost during the year included the equity-settled share-based payment transactions for the payment for fees and of services as detailed in Note 27.

c) Performance rights

Movements in Performance Rights were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Balance at the end of the year	Vested during year but not converted
2021						
15-Aug-19	15-Aug-24	15,000,000	-	(5,000,000)	10,000,000	-
2020						
15-Aug-19	15-Aug-24	-	15,000,000	-	15,000,000	5,000,000

The terms and conditions of performance rights on issue at 30 June 2021 affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant Date	Expiry date	No of Rights	Performance Hurdle	Performance achieved	No. vested
15-Aug-2019	15-Aug-24	2,500,000	Pilot plant[1]	25%	-
15-Aug-2019	15-Aug-24	7,500,000	Investor[2]	5%	-
Total		10,000,000			5,000,000

[1]Pilot Plant: A Pilot Plant is established on-site at the Kachi Project in Catamarca

[2] Investor:An investment partner signs an agreement to invest into the Kachi Project in Catamarca

d) Options

Movements in options were as follows

Nature of Options	Grant / Vest Date	Expiry date	Exercise price	Balance at 1 July 2020	Issued	Expired Unexercised	Exercised	Balance at 30/6/2021
Director Options	30-Nov-17	31-Dec-20	$0.28	9,500,000	-	(9,500,000)	-	-
Issued to SBI	8-Mar-19	28-Feb-22	$0.08	5,555,000	-	-	(5,555,000)	-
listed	19-Aug-19	15-Jun-21	$0.10	52,512,693	-	(1,179,890)	(51,332,803)	-
Directors	16-Sep-19	31-Jul-21	$0.09	15,000,000	-	-	-	15,000,000 -
Issued to BBI	28-Oct-19	28-Oct-22	$0.05	18,300,000	-	-	(18,300,000)	-
Roth options	09-Mar-21	09-Mar-23	$0.30	-	62,500,000	-	-	62,500,000
Roth fee options	09-Mar-21	09-Mar-23	$0.30	-	11,250,000	-	-	11,250,000
Roth SBP options	27-Jan-21	09-Mar-23	$0.30	-	1,000,000	-	-	1,000,000
Red Cloud	24-Apr-21	24-May-23	$0.30	-	1,500,000	-	-	1,500,000
				100,867,693	76,250,000	(10,679,890)	(75,187,803)	91,250,000

Note 14. Equity - issued capital (continued)

e) Capital risk management

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

Management controls the capital of the Consolidated entity 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 Consolidated entity is in its exploration stage. There are no externally imposed capital requirements.

Note 15. Equity - reserves

	Consolidated	
	2021	2020
	$	$
Capital profits reserve	4,997	4,997
Options reserve	2,625,776	2,379,932
Performance rights reserve	345,000	345,000
Foreign currency translation reserve	388,818	613,970
Total equity reserves	3,364,591	3,343,899

a) *Capital profits reserve*

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

b) *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. Once options in a series have all been exercised or have expired, the reserve related to those options is transferred to accumulated losses.

c) *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. Once all performance rights in the series have vested or have expired, the reserve related to those options is transferred to accumulated losses.

d) *Foreign currency translation reserve*

The foreign currency translation reserve recognises exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 15. Equity – reserves (continued)

e) *Movements in reserves*

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

	Capital profit reserve	Option reserve	Performance rights reserve	Foreign currency translation reserve	Total
	$	$	$	$	$
Balance at 1 July 2020	4,997	2,379,932	345,000	613,970	3,343,899
Issued to brokers – capital raising	-	2,625,776	-	-	2,625,776
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(2,379,932)	-	-	(2,379,932)
Translation of foreign operations	-	-	-	(225,152)	(225,152)
Balance at 30 June 2021	4,997	2,625,776	345,000	388,818	3,364,591
Balance at 1 July 2019	4,997	1,503,023	-	471,214	1,979,234
Share-based payments - issued to lenders	-	391,058	-	-	391,058
Share-based payments - Director options	-	485,851	-	-	485,851
Share-based payments - Director performance rights	-	-	345,000	-	345,000
Translation of foreign operations	-	-	-	142,756	142,756
Balance at 30 June 2020	4,997	2,379,932	345,000	613,970	3,343,899

Note 16. Equity - accumulated losses

	Consolidated 2021	Consolidated 2020
	$	$
Accumulated losses at the beginning of the financial year	(21,727,672)	(16,824,776)
Loss after income tax expense for the year	(2,894,223)	(4,902,896)
Transfer from options reserve	2,379,933	-
Accumulated losses at the end of the financial year	(22,241,962)	(21,727,672)

Note 17. Equity - dividends

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

Note 18. 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.

Note 18. Financial Instruments (continued)

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 foreign bank accounts in USD and ARS which are 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, expressed in AUD

	Assets		Liabilities	
	2021 $	2020 $	2021 $	2020 $
US dollars	7,790,842	4,165	78,505	42,288
Pound Sterling	-	-	51,159	53,723
Canadian dollars	-	-	21,539	-
Argentinian pesos	29,696	192	350,185	205,862
Total	7,820,538	4,357	501,388	301,873

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

Consolidated 2021	AUD strengthen by 1%		AUD weaken by 1%	
	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
USD assets	77,908	-	(77,908)	-
USD liabilities	(785)	-	785	-
GBP liabilities	(512)	-	512	-
CAD liabilities	-	-	215	-
ARS liabilities	(3,502)	-	3,502	-
ARS assets	297	-	(297)	
	73,406	-	(73,406)	-
Consolidated 2020				
USD assets	42	-	(42)	-
USD liabilities	(423)	-	423	-
GBP liabilities	(537)	-	537	-
ARS liabilities	(2,059)	-	2,059	-
ARS assets	2	-	(3)	-
	(2,975)	-	2,975	-

Price risk

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

Note 18. Financial Instruments (continued)

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

Generally, other trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions with credit risk ratings of Aa3 (Moody's) and AA- (Standard and Poors) Major bank used is NAB Argentine banks do not hold sufficient cash to pose a material credit risk to the company.

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.

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 - 2021	Weighted average interest rate %	<1 year $	1 - 2 years $	2 - 5 years $	> 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Other payables	-	790,551	-	-	-	790,551
Total non-derivatives	-	790,551	-	-	-	790,551

Note 18. Financial Instruments (continued)

Consolidated - 2020	Weighted average interest rate	<1 year	1 - 2 years	2 - 5 years	> 5 years	**Remaining contractual maturities**
Non-derivatives						
Non-interest bearing						
Other payables	-	664,135	-	-	-	664,135
Total non-derivatives	-	664,135	-	-	-	664,135

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 19. Key management personnel disclosures

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

	Consolidated 2021 $	Consolidated 2020 $
Short term benefits	945,604	662,029
Post-employment benefits (superannuation)	33,835	24,530
Long service leave	27,998	-
Share-based payments	-	830,851
Total	1,007,437	1,517,410

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Consolidated entity

	Consolidated 2021 $	Consolidated 2020 $
Audit Services		
Audit or review of the financial statements		
BDO Audit Pty Ltd (2021 financial year)	53,000	-
Stanley & Williamson (2020 financial year)	-	43,100

No non-audit services were provided during either financial year by either auditor.

Note 21. Related party transactions

Parent entity

Lake Resources NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2021 $	Consolidated 2020 $
Payment for services		
Consultancy services provided by companies associated with Mr Stuart Crow (Director)	74,100	93,600
Consultancy services provided by a Consolidated entity associated with Dr Nicholas Lindsay (Director)	16,900	52,350
	91,000	145,950
(Receivable from) and payable to related parties)		
Consultancy services and directors' fees provided by an entity company associated with Mr Stuart Crow	16,500	30,433
Consultancy services provided by an entity associated with Dr Nicholas Lindsay (Director)	21,064	12,650
Net advances to Mr Stephen Promnitz	(142,249)	(72,038)
	(104,685)	(28,955)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.
Disclosures relating to the advance to Mr Promnitz:

- The transactions were for amounts of between $1,500 and $15,000
- The outstanding balance at 30 June 2021 was $142,249 (2020: $72,038)
- The terms and conditions of the advances: to be finalised prior to end Dec 2021, unsecured, no personal guarantees
- No provision for collectability has been recognise nor bad debt expense raised.

LAKE RESOURCES NL
Notes to the financial statements
for the year ended 30 June 2021

Note 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	$	$
Loss after income tax	(7,056,369)	(4,771,463)
Total comprehensive income	(7,056,369)	(4,628,707)

	Parent	
Statement of financial position:	2021	2020
	$	$
Total current assets	25,772,480	280,768
Total assets	47,567,734	18,817,694
Total current liabilities	668,465	458,273
Total liabilities	696,463	458,273
Equity		
Issued capital	65,748,642	35,433,060
Capital profits reserve	4,997	4,997
Options reserve	2,625,776	2,379,932
Performance rights reserve	345,000	345,000
Accumulated losses	(21,853,144)	(19,803,568)
Total equity	46,871,271	18,359,421

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 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liability as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

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.

Note 23. 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%
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.

** Interest is held through LithNRG Pty Ltd. LithNRG' s interest in Morena del Valles will be transferred to KLPL following its incorporation (refer below).

*** 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.

Kachi Lithium Pty Ltd (KLPL) was incorporated on 26 August 2021 as a wholly owned subsidiary of LithNRG Pty Ltd. KLPL will be the vehicle through which the Kachi Project will operate and will be the owner of the shares of Morena del Valle Minerals. Under the agreement with Lilac, that company has the ability to earn up to 25% of the ownership of KLPL.

Note 24. Events after the reporting period

Subsequent to the end of the financial year, the Consolidated entity raised a further $42,890,670 through the conversion of unlisted options, which included 14,000,000 Director options with an exercise price of $0.09 (expiry July 2021) and 124,784,861 unlisted options with exercise prices of A$0.30 and A$0.35.

On the 28 July 2021 the Consolidated entity 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 28 October, 83,904,236 options had been converted raising a further $ 29,366,483 million

On 22 September 2021, the Consolidated entity announced that it had formally partnered with Lilac for the technology and funding to develop the Kachi Project). 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:

Note 24. Events after the reporting period (continued)

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.

On 11 August 2021 the Consolidated entity 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. 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.

On 28 September 2021 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 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.

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.

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Note 25. Cashflow Statement Reconciliations

a) Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax expense for the year	(2,894,223)	(4,902,896)
Adjustments for:		
Depreciation and amortisation	337	881
Exploration expenditure impaired	301,700	-
Share-based payments (non cash)	108,931	1,850,492
Financing expenses	-	465,783
Financial asset impaired	(146,352)	-
Tax expense for VAT not recoverable	-	44,021
Change in operating assets and liabilities:		
Increase in trade and other receivables	26,763	(50,669)
Increase/(decrease) in provisions	100,779	
Increase in other current assets	(161,961)	54,687
Increase/(decrease) in trade and other payables	236,079	49,403
Net cash used in operating activities	(2,432,982)	(2,488,298)

b) Reconciliation of movement in financing activities to net cash from financing activities

(i) Reconciliation of movements in share capital to proceeds from issue of shares, net of transaction costs:

	2021	2020
Issue of shares net of issue costs	30,315,582	7,679,452
Deduct shares in lieu of payments:		
Share based payments (Note 27)	(108,931)	420,000
Shares issued for which funds not received at year end	-	(112,993)
Net refunds from prior year option exercises	-	(4,997)
Convertible note conversions		(1,012,085)
Equity settled loan repayments (note 12)	(32,500)	-
Add back		
Options issued as issue costs (Note 27)	2,625,776	-
Proceeds from issue of shares, net of transaction costs	32,799,927	6,129,377

(ii) Reconciliation of net debt

	2021	2020
Opening balance	-	1,428,077
Loan drawn	200,000	1,500,000
Repayments - cash	(167,500)	(2,445,357)
Loan service fee, interest, discount	27,500	529,365
Repayments by share issue	(60,000)	(1,012,085)
Closing balance	-	-

Note 26. Earnings per share

	Consolidated	
	2021	2020
	$	$
Loss after income tax attributable to the owners of Lake Resources NL	(2,894,223)	(4,902,896)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	821,977,574	564,279,901
Weighted average number of ordinary shares used in calculating diluted earnings per share	821,977,574	564,279,901

	Cents	Cents
Basic earnings per share	(0.35)	(0.87)
Diluted earnings per share	(0.35)	(0.87)

Options over ordinary shares are considered potential ordinary shares. For the year ended 30 June 2021, their conversion to ordinary shares would have had the effect of reducing the loss per share. Accordingly, the options were not included in the determination of diluted earnings per share for the period. Details relating to options are set out at notes 15 and 27. Subsequent to the end of the financial year, the Consolidated entity issued 138,784,861.00 shares which would have significantly changed the number of ordinary shares or potential ordinary shares outstanding at the end of the year if those transactions had occurred before the end of the year. Earnings per share for the year are not adjusted for transactions occurring after the end of the year as the transactions do not affect the amount of capital used to produce profit or loss for the year. Details of the share issues conducted after the reporting period are included in Note 24 above.

Note 27. Share-based payments

During the financial year the Company equity-settled share-based payment transactions for the acquisition of goods and services, from Directors, loan providers and external suppliers were charged as follows:

	Consolidated	
	2021	2020
	$	$
Expensed to profit or loss	108,931	1,850,492
Capitalised as equity	2,625,776	-
Total	2,734,707	1,850,492

and credited as follows:

Share capital	108,931	628,584
Option Reserve	2,625,776	876,908
Performance Rights Reserve	-	345,000
Total	2,734,707	1,850,492

Note 27. Share-based payments (continued)

a) Expensed to Profit or Loss

2021

During the year equity-settled share-based payment transactions for the payment for fees and services, expensed through profit or loss, occurred as follows:

	Date	Number Issued	Value per share	Expensed
Shares issued as payment for loan service fees	31-Aug-20	916,667	$0.03	27,500
Shares issued as payment for professional services	1-Sep-20	381,033	$0.03	11,431
Shares issued as payment for professional services	20-Jan-21	710,900	$0.08	60,000
Shares issued as payment for professional services	1-Sep-20	333,334	$0.03	10,000
Total		2,341,934		108,931

2020

	$
Director Options	485,850
Director Performance Shares	345,000
SBI Options	391,058
Suppliers	628,584
	1,850,492

i) Director options

On 15 August 2019, following the approval from the shareholders at the Company's EGM, the Company granted 15,000,000 options over ordinary shares to the Directors as follows:

Name	Number of Options granted	Grant date	Vesting and exercisable date	Expiry date	Exercise Price	Fair value at grant date	Expensed 2020
S. Promnitz	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.0324	161,950
S. Crow	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.0324	161,950
N. Lindsay	5,000,000	15-Aug-19	15-Aug-19	31-Jul-21	$0.09	$0.0324	161,950
Total	15,000,000						485,850

The options vested immediately. For the year ended 30 June 2021, $ nil (2020: $485,851) was recognised as an expense in the profit or loss.

Note 27. Share-based payments (continued)

ii) Performance rights issued to Directors

On 15 August 2019 following the approval from the shareholders at the Company's EGM, the Consolidated entity granted 15,000,000 performance rights to the then Directors as follows:

	Number granted	Grant date	Expiry date	Converted to Shares	Fair value at grant date	Expensed 2021
S. Crow	5,000,000	15-Aug-19	15-Aug-24	-	$0.058	14,375
S Promnitz	5,000,000	15-Aug-19	15-Aug-24	(2,500,000)	$0.058	150,938
N Lindsay	5,000,000	15-Aug-19	15-Aug-24	(2,500,000)	$0.058	179,687
	15,000,000			(5,000,000)		345,000

Directors exercised judgement in assessing that the likelihood of the remaining hurdles for the vesting of the performance rights had not materially changed since the prior year. Accordingly for the year ended 30 June 2021, no expense was recognised (2020: $345,000) in the profit or loss. The expense calculation recognises the probability of the performance hurdles being achieved.

iii) Options issued to SBI Investments (PR), LLC (SBI) (2020)

On 18 October 2019, 18,300,000 unlisted share options were granted to SBI for capital raising services. The options have an exercise price of 4.6 cents and an expiry date of 28 October 2022. The options vested immediately on issue, and there were no other vesting conditions attached to the options. These options were recognised immediately in the profit or loss in the 2020 financial year with a total valuation of $391,058. No expense was recognised in the 2021 financial year. All options were exercised during the 2021 financial year.

iv) Valuation Metrics

The expense for the Director options, SBI options and performance rights were determined using the Black Scholes methodology utilising the following assumptions:

	Director Options	SBI Options	Performance Rights
Grant date	15-Aug-19	18-Oct-19	15-Aug-19
Share Price at grant date	$0.06	$0.036	$0.06
Exercise (Strike) Price	$0.09	$0.046	nil
Time to Maturity (in years)	2	3	5
Annual Risk-Free Rate	0.90%	0.90%	0.90%
Annualised Volatility	100%	100%	100%

Note 27. Share-based payments (continued)

v) Equity settled payments for fees and services

Share based payment transactions

	Date	Number Issued	Value per share	Expensed
Redemption of SBI convertible notes*	11-Feb-20	11,558,021	$0.018	208,584
Share based payments issued as part of placement for loan establishment fees	13-Feb-20	3,000,000	$0.04	120,000
Share based payments issued as part of placement for professional services	27-Feb-20	500,000	$0.04	20,000
Share based payments issued as part of placement for professional services	13-Mar-20	7,000,000	$0.04	280,000
		22,058,021		628,584

**The value of the shares issued to redeem the SBI convertible notes ($462,321) was allocated between the redemption of the notes ($253,737 or $0.022) and costs associated with the early close out of the notes ($208,584 or $0.018).*

b) Capitalised as equity

Options issued for capital raising services

During the year 13,750,000 options were issued in three tranches for services provided in raising capital for the Company. The expenses were charged to capital raising costs and were determined using the Black Scholes methodology utilising the following assumptions:

	Tranche 1	Tranche 2	Tranche 3
Grant / vest date	09-Mar-21	27-Jan-21	24-May-21
Share Price at grant date	$0.310	$0.395	$0.250
Exercise (Strike) Price	$0.300	$0.300	$0.300
Time to Maturity (in years)	2	2	2
Annual Risk-Free Rate	0.11%	0.11%	0.07%
Annualised Volatility	119.29%	110.59%	120.53%

Movement in options granted during the year for which expenses were charged to capital raising costs.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	**Expired Unexercised**	**Exercised**	Balance at the end of the year
2021							
09-Mar-21	09-Mar-23	$0.30	-	11,250,000	-	-	11,250,000
27-Jan-21	09-Mar-23	$0.30	-	1,000,000	-	-	1,000,000
24-Apr-21	24-May-23	$0.30	-	1,500,000	-	-	1,500,000
Totals			-	13,750,000	-	-	13,750,000

Note 27. Share-based payments (continued)

c) Movements in Options and Performance Rights

Set out below are summaries of options and performance rights granted under share-based payments arrangement:

Options

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	**Expired Unexercised**	**Exercised**	Balance at the end of the year
2021							
30-Nov-17	31-Dec-20	$0.28	9,500,000		(9,500,000)		-
8-Mar-19	28-Feb-22	$0.08	5,555,000			(5,555,000)	-
16-Sep-19	31-Jul-21	$0.09	15,000,000				15,000,000
28-Oct-19	28-Oct-22	$0.05	18,300,000			(18,300,000)	-
09-Mar-21	09-Mar-23	$0.30		11,250,000			11,250,000
27-Jan-21	09-Mar-23	$0.30		1,000,000			1,000,000
24-Apr-21	24-May-23	$0.30		1,500,000			1,500,000
Totals			48,355,000	13,750,000	(9,500,000)	(23,855,000)	28,750,000

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	**Expired Unexercised**	**Exercised**	Balance at the end of the year
2020							
14-Nov-16	21-Oct-19	$0.05	5,052,083	-	(5,052,083)	-	-
30-Nov-17	31-Dec-20	$0.28	9,500,000	-	-	-	9,500,000
08-Mar-19	28-Feb-22	$0.08	5,555,000	-	-	-	5,555,000
15-Aug-19	28-Feb-22	$0.09	-	15,000,000	-	-	15,000,000
16-Sep-19	28-Oct-22	$0.046	-	18,300,000	-	-	18,300,000
Totals			20,107,083	33,300,000	(5,052,083)	-	48,355,000

Performance Rights

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Balance at the end of the year	Vested during year but not converted
2021						
15-Aug-19	15-Aug-24	15,000,000	-	(5,000,000)	10,000,000	-
2020						
15-Aug-19	15-Aug-24	-	15,000,000	-	15,000,000	5,000,000

Note 27. Share-based payments (continued)

d) Options as Share Based Payments - Numbers and Weighted Average Prices

	Number	Weighted Ave Exercise Price
Outstanding at end of the period	48,355,000	$0.110
Granted during the period	13,750,000	$0.300
Forfeited during the period	-	n/a
Expired during the period	(9,500,000)	$0.280
Exercised during the period	(23,855,000)	$0.054
Outstanding at end of the period	28,750,000	$0.190
Exercisable at the end of the period	28,750,000	$0.190

e) Other information relating to Options exercised and outstanding at year end

- Weighted average share price at date of exercise of options

	Exercised	Dates of exercise	Weighted Average Price
Issued to SBI	5,555,000	27-Jan-21	0.415
Issued to SBI	9,000,000	11-Dec-20	0.0745
Issued to SBI	9,300,000	11-Jan-21	0.0785

- The range of exercise prices for options outstanding at the end of the financial year is $0.09 - $.030
- The weighted average remaining contractual life of unexpired options at 30 June 2021 is 315.3 days

Note 28. Commitments

a) Definitive Feasibility Study and Development Cost

On 8 January 2021, the Consolidated entity announced that it had approved the preparation of a Definitive Feasibility Study (DFS) for the Kachi project. Work on the DFS is expected to be completed within 12 months of the date of this report with a further approximately USD 9 million to be spent in that period. The company estimates the total development cost of the project at USD544 million based on a plant capable of producing 25,500tonnes of Lithium Carbonate per annum with the development cost to be incurred over a 3 year period.

b) Tenement Expenditure Commitments

The Consolidated entity has no annual spending commitments required by Government or other bodies in order to maintain the standing of the tenements. Over the next 12 months the Consolidated entity expects to spend approximately USD 1.7 million on exploration work at its Argentinian tenements.

Note 29. Contingencies

The Consolidated entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

LAKE RESOURCES NL
Directors' Declaration
for the year ended 30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian 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 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Consolidated entity 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

Stephen Promnitz
Managing Director

29 October 2021

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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) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 financial report, 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 2021 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Carrying value of exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to note 10 in the annual report. The Group carries exploration and evaluation assets as at 30 June 2021 in accordance with the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation assets is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining an understanding of the current status of the tenements/projects including key activities undertaken during the period; • Making enquiries of management with respect to whether any impairment indicators in accordance with AASB 6 have been identified across the Group's exploration project; • Assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined through discussions with management and review of ASX announcements and other relevant documentation; • Reviewing capitalised exploration expenditure during the period to ensure it meets the recognition criteria under AASB 6; and • Ensuring that the group has the rights to tenure and maintains the tenements in good standing.

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 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 ability of the group 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 has no realistic alternative but to do so.

Auditor's responsibilities 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 19 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Lake Resources NL, for the year ended 30 June 2021, 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.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 29 October 2021