



**CLEANER LITHIUM
FOR AN ELECTRIC WORLD**

Lake Resources NL

ABN 49 079 471 980

**Interim Report – Half Year Financial Statements
for the six months ended 31 December 2021**

CORPORATE DIRECTORY
for the period ended 31 December
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	Garry Gill Peter Neilsen (Appointed 27 July 2021)
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 St Brisbane QLD 4000 GPO Box 457 Brisbane QLD 4001
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

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LAKE RESOURCES NL
DIRECTORS REPORT
for the half year ended 31 December
2021

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 six months ended 31 December 2021.

Directors

The following persons were Directors of Lake Resources NL during the whole of the period 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.
- Exploration for minerals.

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 \$4,711,567 (2020: \$1,511,902).

Corporate Strategy

Lake Resources NL (ASX:LKE OTC:LLKKF) ("Lake" or the "Consolidated entity") is providing a clean solution to the delivery of high quality lithium into the tight supply chain of battery materials powering the energy transition. Lake uses disruptive, direct extraction technology from its partner, Lilac Solutions Inc in California (Lilac), for efficient production of high purity lithium with significant ESG benefits. No mining is involved in the brine processing.

Production from the flagship Kachi Lithium Brine Project is targeted to commence in 2024 at a rate of 50,000 tpa lithium carbonate. Kachi is indicatively financed into production with long dated low cost project finance from the UK Export Finance and Canada's EDC for approximately 70% of the total finance required for Kachi's development, subject to standard project finance terms.

Lake's development plan uses an efficient direct lithium extraction method (DLE) from our technology partner, Lilac, who is earning into the Kachi Project. This enables Lake Resources to be a cost competitive supplier of high-purity lithium carbonate that is able to come to market quickly at significant scale. The process generates strong ESG benefits, a low carbon (CO2) footprint, low water and low land use. High purity battery quality lithium carbonate (99.97% purity) has been produced (refer ASX announcement 20 Oct 2020) from product from pilot plant modules. This product performed successfully in NMC622-based lithium-ion battery test cells (refer ASX announcement 2 Mar 2020).

Target 100 Program:

Lake initiated an expansion and integration strategy in February 2022 to fast-track its portfolio of assets in Argentina (refer ASX announcement 14 Feb 2022). The TARGET 100 Program has the goal of producing annually 100,000 tonnes of high purity lithium chemical to market by 2030. TARGET 100 Program brings forward the development of Lake's 100 %-owned Olaroz, Cauchari and Paso lithium projects to ensure multi-asset lithium expansion to address the anticipated supply deficit of high purity lithium. A US\$15 million drilling and testing program has commenced across the three new lithium brine projects. A separate exploration and testing team dedicated to rapid development across these projects will be utilising the comprehensive data set developed during the Kachi project's direct extraction processing testwork.

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Operations

Overview of Operations for the Period

Kachi Lithium Brine Project - Catamarca Province, Argentina

Lake Resources' Kachi Lithium Brine Project in Catamarca province, NW Argentina, covers a large lithium brine-bearing basin with 39 mining leases (74,000 hectares). Lake aims to develop the project into production of 50,000 tpa battery quality lithium carbonate in 2024 by using the efficient DLE method of ion exchange from Lilac Solutions.

Kachi has a large indicated and inferred resource of 4.4 Mt LCE (Indicated 1.0Mt, Inferred 3.4Mt) (refer ASX announcement 27 Nov 2018). Drilling continues to expand the resource (ASX announcement 15 Dec 2021).

Strong financial results from the Pre Feasibility Study (PFS) at 25,500tpa LCE show a project value NPV8 of US\$1.6 billion, a 35% IRR and high operating margins with an annual EBITDA of US\$260 million (refer ASX announcement 17 Mar 2021 and 28 April 2020). The capital cost (capex) estimate is US\$544 million, with an operating cost (opex) of US\$4178/tonne Li₂CO₃.

Definitive Feasibility Study (DFS) increased to 50,000 tpa LCE

The Definitive Feasibility Study (DFS) was expanded over the Kachi Lithium Brine Project, at 50,000tpa LCE, with Hatch as the lead consultant (ASX announcement 19 Jan 2022). Completion is targeted for end Q2, 2022. A change from the PFS is to use solar hybrid power aimed to deliver a low carbon footprint and lower operating costs. The Environmental and Social Impact Study (ESIA) progresses with Knight Piesold.

Drilling at Kachi Reinforces Expansion to 50,000 tpa LCE

Drilling to date at Kachi continues to reinforce prior lithium assay results and indicates lithium brines extend well beyond the limits of the current resource. Continued similar results would support future planned production targets for the Kachi Project (refer ASX announcement 15 Dec 2021). A 1200m, four well diamond drill programme is underway and will be expanded in 2022, with additional rotary drill rigs, with the intention to upgrade the resource to a higher category and expand the resource (see ASX announcement 7 July 2021), to support the completion of the Definitive Feasibility Study (DFS) and the final investment decision (FID) on Kachi. A water well rig has completed three wells exploring process water options. A further rig is planned for production well drilling in coming months.

Lilac Partnership to earn into 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.

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. The stages and milestones for Lilac to earn in to Kachi are set out in ASX announcement 22 Sept 2021.

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Project Finance available for 70% of total, indicatively

The UK Export Finance (UKEF), the Export Credit Agency (ECA) of the United Kingdom, provided a strong Expression of Interest to support approximately 70% of the total finance required for Lake's Kachi Project, subject to standard project finance terms, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles (refer ASX announcement 11 August 2021).

The ECA led project finance will 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 for the life of the loan. Approximately two-thirds of the debt finance could be provided at the OECD CIRR interest rate.

Resource Statement

The table below (Table 1) outlines 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 31 December 2020.

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

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

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

Competent Person's Statement – Kachi Lithium Brine Project

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

Andrew Fulton is an employee of Groundwater Exploration Services Pty Ltd and an independent consultant to

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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 on 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 owns three lithium brine projects, Cauchari, Olaroz and Paso, over 47,000 hectares in Jujuy Province in north-west Argentina. Lake aims to develop these projects to become a multi-asset producer by drilling and sample testing prior to anticipated additional feasibility studies. Drilling commenced at Olaroz, where the leases extend over 30 kilometres east and north of the adjoining Olaroz lithium production site.

A US\$15 million drilling and testing program started early February 2022 with a 10 hole 4000m drill program spread across the three projects, which commenced in the northern areas of the Olaroz leases (refer ASX announcement 14 Feb 2022). Direct lithium extraction methods will be tested on brines. Brines produced from drilling at Cauchari, Olaroz and Paso will be sampled and tested with environmentally friendly direct lithium extraction methods, similar to previous work conducted on Kachi project lithium brines. This will be followed by a scoping study to for future production, including environmental impact studies and drilling for a resource statement and pre-feasibility study work.

Lake has previously confirmed multiple high-grade lithium brines zones in drilling in 2019 at the Cauchari Project (refer ASX announcement 23 Aug 2019). The higher-grade results averaged 493 mg/L lithium over 343m (from 117m to 460m), up to 540 mg/L. This drilling confirmed similar grades and lithium brines extending into Lake's properties from the adjoining Ganfeng/Lithium Americas JV production development at Cauchari.

Impact of COVID-19 on Operations

The impact of the Coronavirus (COVID-19) pandemic is easing substantially and while it has been financially neutral for the Consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to improve but will be dependent on measures imposed by the Australian Government, the Argentine Government, and other countries, such as the timely provision of vaccinations, maintaining social distancing requirements, quarantine, travel restrictions and any ongoing economic stimulus that may be provided.

Significant changes in the state of affairs

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

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 at the Exercise Price of \$0.35 per Bonus Option (Bonus Option Offer), to be exercised before 5:00pm on the Bonus Option Expiry Date (15 October 2021). One further free Additional Option at the Exercise Price of \$0.75 per Additional Option was provided for every Bonus Option exercised prior to the Bonus Option Expiry Date of 15 October 2021 (Additional Option Offer) to be exercised by 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. In late October 2021, the conversion was completed of one free Bonus Option for every ten Shares held on 24 August 2021 by Eligible Shareholders at the Exercise Price of \$0.35 per Bonus Option of which approximately 78 % were converted (86,094,394 new LKE shares), providing A\$29.2 million to the cash position of the Company.

Further 1-for-1 unlisted Additional Bonus Options were issued (86,096,394 listed options; security code LKEOC), with an exercise price of A\$0.75 and an expiry date of 15 June 2022. These Additional Options have been listed and if converted, would add a further A\$64 million to cash reserves by end June 2022.

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Matters subsequent to the end of the financial year

On 19 January 2022 the Company announced that planned production at its' flagship Kachi Lithium Brine Project, will be set at 50,000 tonnes/year (tpa) lithium carbonate in the Definitive Feasibility Study (DFS). Previous to this announcement, planned production was set at 25,000 tonnes/year (tpa) lithium carbonate as a base case for the DFS, based on the outcomes of the prior PreFeasibility Study. The DFS will be expanded from 25,500 tpa LCE to 50,000 tpa LCE, underpinned by an anticipated increased resource estimate from drilling results (ASX announcement 15 Dec 2021, 7 July 2021).

The above formal decision has been driven by:

1. the increasing demand by prospective offtake partners for a secure supply chain of environmentally friendly high purity lithium carbonate;
2. the indicative support to fund the project by Export Credit Agencies and the international bank panel. The UK and Canada Export Credit Agencies have already indicated a willingness to project debt finance around 70 percent of the project's capital requirements (ASX announcement 11 Aug 2021);
3. the supportive investment policies of the Argentine Government who have announced a process to lower export taxes as part of the Strategic Plan for Mining Development;
4. the confidence of technology partner Lilac Solutions that its modular direct lithium extraction technology is scalable and cost effective.

On 14 February 2022 the Company initiated bringing forward a US\$15 million program across its three 100-percent owned projects - Olaroz, Cauchari and Paso - for drilling and brine testing to fast-track these projects into feasibility studies in the TARGET 100 Program. The Company has initiated an expansion and integration strategy to fast-track its portfolio of assets in Argentina to deliver the TARGET 100 Program – being the aspirational goal to produce annually 100,000 tonnes of high purity lithium to market by 2030.

During the period since 31 December 2021 to the date of this report, the Company continued with its capital raising via the Additional Bonus Options issue (86,096,394 listed options; security code LKEOC), with an exercise price of A\$0.75 and an expiry date of 15 June 2022. If fully converted, this will add a further A\$64 million to the Company's cash reserves by mid 2022, prior to the final investment decision on the Kachi Project.

On 24 February 2022, further to the announcements made by the Company on 25 January 2022 and in regard to the issue of 62,500,000 options to be issued to institutional investors as attaching options as part of a placement to those investors, the Company attaches cleansing notices in relation to the issue of shares on exercise certain of these options (Shares) on 17 September 2021, 14 October 2021, 18 October 2021 and 21 October 2021 (Issue Dates) as required by section 708A of the Corporations Act 2001 (Cth) (Corporations Act). Due to an administrative oversight, the Company inadvertently did not lodge the section 708A cleansing notices within 5 business days of the Issue Dates in relation to the Shares. The Company advises that some of the Shares may have been offered for sale, sold or re-sold to investors in technical breach of section 707(3) of the Corporations Act. The Company applied to the Court (Court) for orders under section 1322 of the Corporations Act providing for an extension of time to lodge the attached cleansing notices and deem it to be effective from the Issue Dates. The Court has made such orders on 28 February 2022 and as such, persons who have purchased the Shares on or after the Issue Dates (who may wish to sell) will be entitled to rely on the cleansing notice. The Company has advised ASIC and ASX of this oversight and of the Court Orders (see ASX announcement 28 February 2022).

On 7 March 2022 the company issued 40,000,000 fully paid ordinary shares at a price of \$0.975 to raise \$39,000,000 before costs

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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.

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

Director

14 March 2022

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AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY RICHARD SWABY TO THE DIRECTORS OF LAKES RESOURCES NL

As lead auditor for the review of Lakes resources NL for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'R M Swaby'.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2022

FINANCIAL STATEMENTS
for the half year ended 31 December 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
Statement of Profit or Loss and Other Comprehensive Income
for the half year ended 31 December 2021

		Consolidated	
	Note	31 December 2021	31 December 2020
		\$	\$
Expenses			
Corporate expenses	4	(1,457,543)	(470,159)
Administrative expenses		(214,949)	(35,750)
Depreciation and amortisation expense		(2,000)	(335)
Exploration expenditure impaired		-	(301,631)
Employee benefit expenses		(647,424)	(281,542)
Share based payments expense	10	(727,186)	-
Consultancy and legal costs		(680,073)	(200,327)
Non recoverable VAT		-	(235,003)
Foreign exchange loss		(980,804)	40,345
Finance costs		(1,588)	(27,500)
Loss before income tax expense		(4,711,567)	(1,511,902)
Loss after income tax expense for the half year attributable to the owners of Lake Resources NL		(4,711,567)	(1,511,902)
Other comprehensive income for the half year, net of tax			
Foreign currency translation		91,126	(299,198)
Total comprehensive income for the half year attributable to the owners of Lake Resources NL		(4,620,441)	(1,811,100)
		Cents	Cents
Basic earnings per share	9	(0.43)	(0.19)
Diluted earnings per share	9	(0.43)	(0.19)

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

LAKE RESOURCES NL
Statement of Financial Position
As at 31 December 2021

		Consolidated	
	Note	31 December 2021	30 June 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		71,034,797	25,657,074
Trade and other receivables		621,753	278,079
Other current assets		362,173	166,996
Total current assets		72,018,723	26,102,149
Non-current assets			
Property, plant and equipment		231,419	79,941
Exploration and evaluation	5	24,328,878	21,736,854
Total non-current assets		24,560,297	21,816,795
Total assets		96,579,020	47,918,944
Liabilities			
Current liabilities			
Trade and other payables		1,040,349	790,551
Employee benefits		59,800	229,124
Total current liabilities		1,100,149	1,019,675
Non-Current liabilities			
Employee benefits		42,500	27,998
Total non-current liabilities		42,500	27,998
Total liabilities		1,142,649	1,047,673
Net assets		95,436,371	46,871,271
Equity			
Issued capital	6	115,538,995	65,748,642
Reserves	7	3,811,432	3,364,591
Accumulated losses		(23,914,056)	(22,241,962)
Total equity		95,436,371	46,871,271

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

LAKE RESOURCES NL
Statement of Changes in Equity
for the half year ended 31 December 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		-	-	(1,511,902)	(1,511,902)
Other comprehensive income for the year, net of tax		-	(299,198)	-	(299,198)
Total comprehensive income for the year		-	(299,198)	(1,511,902)	(1,811,100)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity, net of transaction costs		3,786,975	-	-	3,786,975
Issue of share capital on conversion of options		414,000	-	-	414,000
Issue of share capital on conversion of convertible notes		-	-	-	-
Issue of unlisted options to financier SBI		-	-	-	-
Issue of options to Directors		-	-	-	-
Issue of performance rights to Directors		-	-	-	-
Balance at 31 December 2020		39,634,035	3,044,701	(23,239,574)	19,439,162
Balance at 1 July 2021		65,748,642	3,364,591	(22,241,962)	46,871,271
Loss after income tax expense for the period		-	-	(4,711,567)	(4,711,567)
Other comprehensive income for the period, net of tax		-	91,126	-	91,126
Total comprehensive income for the period		-	91,126	(4,711,567)	(4,620,441)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity, net of transaction costs	6(a)	49,790,353	-	-	49,970,353
Issue of unlisted options to Brokers	10(b)	-	2,668,003	-	2,668,003
Issue of performance rights to Directors	10(a)	-	265,938	-	265,938
Share based payments	10(a)	-	461,248	-	461,248
Transfer from option reserve to accumulated losses on options expired/exercised	7 (e)	-	(3,039,473)	3,039,473	-
Balance at 31 December 2021		115,538,995	3,811,432	(23,914,056)	95,436,371

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

LAKE RESOURCES NL
Statement of cash flows
for the half year ended 31 December 2021

	Note	Consolidated	
		31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Payments to suppliers		(5,473,397)	(823,390)
Net cash used in operating activities		(5,473,397)	(823,390)
Cash flows from investing activities			
Payments for plant and equipment		(140,967)	
Payments for exploration and evaluation		(1,052,388)	(1,354,684)
Advances to related parties	11	(390,324)	-
Net cash used in investing activities		(1,583,679)	(1,354,684)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		52,434,799	4,119,545
Proceeds from borrowings		-	200,000
Repayment of borrowings		-	(167,500)
Net cash from financing activities		52,434,799	4,152,045
Net increase/(decrease) in cash and cash equivalents		45,377,723	1,973,971
Cash and cash equivalents at the beginning of the financial year		25,657,074	55,511
Cash and cash equivalents at the end of the period		71,034,797	2,029,482

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

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 1. Significant accounting policies

i. Basis of preparation

These general purpose interim financial statements for the interim half year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

There is no significant impact to the interim financial statements on adoption of these new or amended Accounting Standards and interpretations.

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

iii. Impact of Coronavirus (COVID-19)

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.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 1. Significant accounting policies

Impact of Coronavirus (COVID-19) (continued)

The Consolidated entity was successful in raising approximately \$30million of equity in October 2021 and experienced strong levels of exercise of its listed options and unlisted options during the reporting period, through to the date of this report. The Consolidated entity has 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 project finance for development at approximately 70% of the project cost.

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. The entity has determined that its financial position and performance has not been significantly or materially impacted by COVID-19 when considering the nature of the Company's operations, supplier base, and levels of activity to date.

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 \$4,711,567 and net cash outflows from operating and investing activities of \$7,057,076 for the half year ended 31 December 2021. At 31 December 2021, the Company had net current assets of \$70,918,563, including \$71,034,797 in cash and cash equivalents.

The Directors are satisfied with the ability of the Consolidated entity to continue as a going concern based on the following factors:

- a. During the reporting period, unlisted Bonus Options were issued and exercised (86,096,394 options), with an exercise price of A\$0.35 by the due date being 15 October 2021. This raised in excess of \$30,000,000 capital prior to period end. A 1-for-1 Additional Bonus Options issue also commenced in October 2021, at an exercise price of A\$0.75 and an expiry date of 15 June 2022. The company has since made application to the ASX to have these shares listed (LKEOC). If options are fully converted, this will add a further A\$63,316,734 to the Company's cash reserves by June 2022, prior to the final investment decision on the Kachi Project. .
- b. In addition to the bonus options, the Consolidated entity has previously issued options to investors and others with exercise prices that are now less than the current share price. The expected exercise of these options will provide the Consolidated entity with additional funds of up to \$28,366,531.
- c. The Directors have prepared cash forecasts which indicate that current funds are sufficient to meet the current year's program of work including the DFS and associated drilling, and exploration work, and the required hydrological, environmental and technical studies planned for the forthcoming 12-month period.
- d. On 22 September 2021, Lake Resources NL (ASX: LKE; OTC: LLKKF) and Lilac Solutions, Inc. announced that after extensive successful test-work, they have entered into a partnership for technology and funding to develop Lake's Kachi Lithium Brine Project (Kachi) in Argentina. Under the terms of the partnership earn-in, Lilac is able to achieve an equity stake in the Kachi project with certain corresponding project funding obligations, while providing its leading technology to advance the project. In accordance with the executed agreement Lilac agrees to:
 - (a) engage at its Cost in a demonstration of the efficacy of the Lilac Project Technology with Kachi Project Brines using pilot-scale module(s) at Lilac's facility in Oakland, California, USA; and
 - (b) assist with the development of the Pilot Project, by:
 - (1) funding, at its own Cost, the construction, deployment and operation by Lilac of an ion exchange lithium extraction plant based on the Lilac Project Technology at the Kachi Project (Lilac Pilot Unit); and
 - (2) by completing the Testing.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 1. Significant accounting policies

Going Concern (continued)

- a. On 7 March 2022 the company issued 40,000,000 fully paid ordinary shares at a price of \$0.975 to raise \$39,000,000 before costs.

v. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated entity only.

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.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

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		Totals	
	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21	31-Dec-21	30-Jun-21
	\$	\$	\$	\$	\$	\$
Statement of Profit or Loss and Other Comprehensive Income						
Expenses	(2,964,706)	-	(1,746,861)	(2,894,223)	(4,711,567)	(2,894,223)
Loss after income tax expense for the half year attributable to owners of Lake Resources NL	(2,964,706)	-	(1,746,861)	(2,894,223)	(4,711,567)	(2,894,223)
Asset additions						
Exploration expenditure	2,451,088	4,911,133	-	-	2,451,088	4,911,133
Property, plant and equipment	140,967	79,746	10,510	-	151,477	79,746
Total Assets	22,987,305	21,973,066	73,591,715	25,945,878	96,579,020	47,918,944
Total Liabilities	627,391	350,185	515,258	697,488	1,142,649	1,047,673
Net Assets	22,359,914	21,622,881	73,076,457	25,248,390	95,436,371	46,871,271

Note 4. Loss before income tax includes the following specific expenses:

	Consolidated	
	Dec-21	Dec-20
	\$	\$
Corporate expenses		
Advertising	61,431	10,475
Audit fees	19,160	34,149
Consulting fees	70,000	29,900
Investor relations	776,711	271,871
Share registry	432,579	117,335
Travel expense	97,662	6,420
	1,457,543	470,159

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021
Note 5. Non-current assets – exploration and evaluation

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Exploration and evaluation assets – at cost	24,328,878	21,736,854

Movements in exploration and evaluation expenditure for the period were as follows:

	31 December 2021
	\$
Opening balance at 1 July 2021	21,736,854
Additions – direct exploration costs	2,451,088
Foreign currency movement	140,936
Balance at 31 December 2021	24,328,878

The Consolidated Entity determined nil indicators of impairment were identified during the period, hence no provision for impairment was recorded in the financial statements for the half year ended 31 December 2021. The recoverability of exploration project acquisition costs is dependent upon the successful development and commercial exploitation, or alternatively the sale of areas of interest.

Note 6. Equity – issued capital

	Dec-21	Jun-21	Dec-21	Jun-21
	Shares	Shares	\$	\$
Ordinary shares fully paid	1,226,384,365	1,058,077,327	115,538,995	65,748,642

a) Movements in share capital:

Description	Date	Ordinary shares	Price per share	\$
			\$	
Opening balance	01-Jul-21	1,058,077,327		65,748,642
Issue of shares – Director options	02-Aug-21	14,000,000	0.090	1,260,000
Issue of shares – Redcloud options	01-Nov-21	1,500,000	0.300	450,000
Issue of shares – Roth options (LKEOP14)	04-Nov-21	1,000,000	0.165	165,000
Issue of shares – Roth options (LKEOP9)	13-Dec-21	62,286,562	0.300	18,685,969
Issue of shares – Lodge Partner options	23-Dec-21	1,750,000	0.750	1,312,500
Listed options exercise (LKEBOPT)	3-Nov-21	86,096,394	0.350	30,133,738
Listed options exercise (LKEOC)	26-Nov-21	1,674,082	0.750	1,255,562
Capital raising costs – options issued to brokers				(2,668,003)
Capital raising costs				(804,415)
Movement for the period		168,307,038		49,790,353
Balance 31 December 2021		1,226,384,365		115,538,995

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 6. Equity – issued capital (continued)

b) Share based payment transactions in share capital movements

Issues of share capital during the year included the equity-settled share-based payment transactions for the payment for fees and of 6 services as detailed in Note 10.

c) Performance rights

Performance Rights issued to Directors, as at 31 December 2021:

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
15-Aug-19	15-Aug-24	10,000,000	-	-	10,000,000	-

The terms and conditions of performance rights on issue at 31 December 2021 affecting remuneration of directors and other key management personnel in this financial period or future reporting periods, 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	75%	-
15-Aug-2019	15-Aug-24	7,500,000	Investor ²	50%	-

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

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

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 6. Equity – issued capital (continued)

d) Options

Movements in the number of options on issue, were as follows

Nature of Options	Note	Grant/Vest Date	Expiry date	Exercise price	Balance at 1-Jul-21	Issued	Expired Unexercised	Exercised	Balance at 31-Dec-21
Directors		16-Sep-19	31-Jul-21	\$0.09	15,000,000	-	(1,000,000)	(14,000,000)	-
Roth options		09-Mar-21	09-Mar-23	\$0.30	62,500,000	-	-	(51,036,562)	11,463,438
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)	-
Cannacord Tranch 1	10(b)	16-Jul-21	31-Dec-24	\$0.55	-	10,000,000	-	-	10,000,000
Cannacord Tranch 2	10(b)	16-Jul-21	31-Dec-24	\$0.55	-	10,000,000	-	-	10,000,000
Cannacord Tranch 3	10(b)	16-Jul-21	31-Dec-24	\$0.55	-	10,000,000	-	-	10,000,000
Cannacord Tranch 4	10(b)	16-Jul-21	31-Dec-24	\$0.55	-	5,000,000	-	-	5,000,000
CFO	10(a)	13-Jul-21	12-Jul-24	\$0.55	-	2,000,000	-	-	2,000,000
Lodge Partners	10(b)	30-Aug-21	15-Jun-22	\$0.75	-	4,000,000	-	(1,750,000)	2,250,000
Unlisted options - Bonus		24-Aug-21	15-Oct-21	\$0.35	-	86,096,394	-	(86,096,394)	-
Listed options - Additional Bonus		15-Oct-21	15-Jun-22	\$0.75	-	86,096,394	-	(1,674,082)	84,422,312
Total					91,250,000	213,192,788	(1,000,000)	(168,307,038)	135,135,750

Note 7. Equity - reserves

	Consolidated	
	Dec-21	Jun-21
	\$	\$
Capital profits reserve	4,997	4,997
Options reserve	2,715,553	2,625,776
Performance shares reserve	610,938	345,000
Foreign capital translation reserve	479,944	388,818
Total equity reserves	3,811,432	3,364,591

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.

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.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 7. Equity – reserves (continued)

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

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 2021	4,997	2,625,776	345,000	388,818	3,364,591
Issued to brokers - capital raising	-	2,668,003	-	-	2,668,003
Share-based payments - fee for service	-	461,248	-	-	461,248
Issue of performance rights to Directors	-	-	265,938	-	265,938
Transfer from option reserve to accumulated losses on options expired/ exercised	-	(3,039,473)	-	-	(3,039,473)
Translation of foreign operations	-	-	-	91,126	91,126
Balance at 31 December 2021	4,997	2,715,553	610,938	479,944	3,811,432
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
Share-based payments - fee for service	-	-	-	-	-
Transfer from option reserve to accumulated losses on options expired/ exercised	-	(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

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 8. Events after the reporting period

On 19 January 2022 the Company announced that planned production at its' flagship Kachi Lithium Brine Project, will be set at 50,000 tonnes/year (tpa) lithium carbonate in the Definitive Feasibility Study (DFS). Previous to this announcement, planned production was set at 25,000 tonnes/year (tpa) lithium carbonate as a base case for the DFS. The DFS will be expanded from 25,500 tpa LCE to 50,000 tpa LCE, underpinned by an anticipated increased resource estimate from drilling results (ASX announcement 15 Dec 2021, 7 July 2021).

The above formal decision has been driven by:

1. the increasing demand by prospective offtake partners for a secure supply chain of environmentally friendly high purity lithium carbonate;
2. the indicative support to fund the project by Export Credit Agencies and the international bank panel. The UK and Canada Export Credit Agencies have already indicated a willingness to project debt finance around 70 percent of the project's capital requirements (ASX announcement 11 Aug 2021);
3. the supportive investment policies of the Argentine Government who have announced a process to lower export taxes as part of the Strategic Plan for Mining Development;
4. the confidence of technology partner Lilac Solutions that its modular direct lithium extraction technology is scalable and cost effective.

On 14 February 2022 the Company initiated bringing forward a US\$15 million program across its three 100-percent owned projects - Olaroz, Cauchari and Paso - for drilling and brine testing to fast-track these projects into feasibility studies in the TARGET 100 Program. The Company has initiated an expansion and integration strategy to fast-track its portfolio of assets in Argentina to deliver the TARGET 100 Program – being the aspirational goal to produce annually 100,000 tonnes of high purity lithium to market by 2030.

During the period since 31 December 2021 to the date of this report, the Company continued with its capital raising via the Additional Bonus Options issue (86,096,394 listed options; security code LKEOC), with an exercise price of A\$0.75 and an expiry date of 15 June 2022. If fully converted, this will add a further A\$64 million to the Company's cash reserves by mid 2022, prior to the final investment decision on the Kachi Project.

On 24 February 2022, further to the announcements made by the Company on 25 January 2022 and in regard to the issue of 62,500,000 options to be issued to institutional investors as attaching options as part of a placement to those investors, the Company attaches cleansing notices in relation to the issue of shares on exercise certain of these options (Shares) on 17 September 2021, 14 October 2021, 18 October 2021 and 21 October 2021 (Issue Dates) as required by section 708A of the Corporations Act 2001 (Cth) (Corporations Act). Due to an administrative oversight, the Company inadvertently did not lodge the section 708A cleansing notices within 5 business days of the Issue Dates in relation to the Shares. The Company advises that some of the Shares may have been offered for sale, sold or re-sold to investors in technical breach of section 707(3) of the Corporations Act. The Company applied to the Court (Court) for orders under section 1322 of the Corporations Act providing for an extension of time to lodge the attached cleansing notices and deem it to be effective from the Issue Dates. The Court has made such orders on 28 February 2022 and as such, persons who have purchased the Shares on or after the Issue Dates (who may wish to sell) will be entitled to rely on the cleansing notice. The Company has advised ASIC and ASX of this oversight and of the Court Orders (see ASX announcement 28 February 2022).

On 7 March 2022 the company issued 40,000,000 fully paid ordinary shares at a price of \$0.975 to raise \$39,000,000 before costs

No other matter or circumstance has arisen since 31 December 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.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 9. Earnings per share

	Consolidated	
	31-Dec-21	31-Dec-20
	\$	\$
Loss after income tax attributable to owners of Lake Resources NL	<u>(4,711,567)</u>	<u>(1,511,902)</u>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share		
	<u>1,103,719,280</u>	<u>762,677,537</u>
Basic earnings per share (cents)	(0.43)	(0.19)
Diluted earnings per share (cents)	(0.43)	(0.19)

Options are considered anti-dilutive as the company is in an accumulated loss position.

Note 10. Share Based Payments

During the half year ended 31 December 2021, the Company equity-settled share-based payment transactions for the acquisition of goods and services, from Directors, Executive officers and external service providers (brokers and investor relations consultants), were charged as follows:

	Dec-21	Jun-21
	\$	\$
Expensed to profit or loss	727,186	108,931
Capitalised as equity	<u>2,668,003</u>	<u>2,625,776</u>
Total	<u>3,395,189</u>	<u>2,734,707</u>
and credited as follows:		
Share capital	-	108,931
Option Reserve	3,129,251	2,625,776
Performance Rights Reserve	<u>265,938</u>	<u>-</u>
Total	<u>3,395,189</u>	<u>2,734,707</u>

a) Expensed to Profit or Loss

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

i) Options issue to Executive officer

	Date	Number of options issued	Exercise price	Expensed (P&L)
Share based payment - Options issued as part of CFO remuneration for professional services	13-Jul-21	2,000,000	\$0.55	461,248
Total		2,000,000		461,248

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 10. Share Based Payments (continued)

ii) **Performance rights issue 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 Directors as follows:

	Number granted	Grant date	Expiry date	Converted to Shares (prior year)	Fair value at grant date	Expensed Dec-21
S. Crow	5,000,000	15-Aug-19	15-Aug-24	-	\$0.058	129,375
S Promnitz	5,000,000	15-Aug-19	15-Aug-24	(2,500,000)	\$0.058	64,688
N Lindsay	5,000,000	15-Aug-19	15-Aug-24	(2,500,000)	\$0.058	71,875
	15,000,000			(5,000,000)		265,938

Directors exercised judgement in assessing that the likelihood of the remaining hurdles for the vesting of the performance rights as at balance date. Accordingly for the half year ended 31 December 2021, an increase in share-based expense for \$265,938 (June 2021: nil) was recognized in the profit or loss. The expense calculation takes into account the increased probability of performance hurdles being achieved pursuant to performance criteria outlined at Note 5 above. Additional information in respect of the performance criteria, and management's estimation of likely performance achievements for each arrangement, as at reporting date, is included below.

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

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). At 30 June 2020, the probability of the successful establishment of the Pilot Plant was assessed at 25%. At 30 June 2021, the probability of the performance hurdle being achieved remained unchanged. During the period ended 31 December 2021, an agreement to develop the Pilot Plant was signed with Lilac Solutions, with works commencing on the Pilot Plant at site. It is considered that the probability of the performance hurdle being achieved is significantly higher at 75%, as at 31 December 2021.

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

Mr Promnitz' remaining 2.5 million performance rights and Mr Crow's 5 million performance rights vest dependent upon an investment partner signing an agreement to invest in the Kachi project in Catamarca (Investor). At 30 June 2020 the probability of obtaining an investment partner was assessed at 5%. It has been confirmed that the project will be funded 70% by international credit agencies sourced by SD Capital and GKB Ventures, with the remainder being provided by equity. It is now considered extremely likely that the vesting condition will be achieved, hence an increase to 50% probability was disclosed at 31 December 2021.

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 10. Share Based Payments (continued)

b) Capitalised as equity

i) Options issued for capital raising services

Shares under option granted to brokers and investor relations consultants during the half year ended 31 December 2021, for which expenses were charged to equity.

	Grant date	Number of options Issued	Exercise Price \$	Expensed (Equity)
Canacord Tranch 1	16-Jul-21	10,000,000	0.55	633,094
Canacord Tranch 2	16-Jul-21	10,000,000	0.55	481,074
Canacord Tranch 3	16-Jul-21	10,000,000	0.55	426,180
Canacord Tranch 4	16-Jul-21	5,000,000	0.55	182,063
Lodge Partners	30-Aug-21	4,000,000	0.75	945,592
		39,000,000		2,668,003

During the period 39,000,000 options were issued 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:

	Canacord Tranch 1	Canacord Tranch 2	Canacord Tranch 3	Canacord Tranch 4	Lodge Partners
Grant / vest date	16-Jul-21	16-Jul-21	16-Jul-21	16-Jul-21	30-Aug-21
Share Price at grant date	\$0.385	\$0.385	\$0.385	\$0.385	\$0.625
Exercise (Strike) Price	\$0.55	\$0.55	\$0.55	\$0.55	\$0.75
Time to Maturity (in years)	3.46	3.46	3.46	3.46	0.79
Annual Risk-Free Rate	0.15%	0.15%	0.15%	0.15%	0.01%
Annualised Volatility	109.817%	109.817%	109.817%	109.817%	127.611%

Note 11. Related Party Transactions

Parent entity

Lake Resources NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out below.

Name of entity	Principal place of business/Country of incorporation	Ownership Interest	
		Dec-21 %	Dec-20 %
Lake Mining Pakistan (Pvt) Limited	Pakistan	-	100%
Kachi Lithium Pty Ltd	Australia	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%

LAKE RESOURCES NL
Notes to the financial statements
for the half year ended 31 December 2021

Note 11. Related Party Transactions (continued)

Key management personnel

Disclosures relating to key management personnel are set out in note 12 and in the Director's report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	Dec-21	Jun-21
	\$	\$
<i>Payment for services</i>		
Consultancy services provided by companies associated with Mr Stuart Crow (Director)	106,000	74,100
Consultancy services provided by former CFO, Garry Gill (Executive)	100,760	-
Consultancy services provided by a Consolidated entity associated with Dr Nicholas Lindsay (Director)	50,000	16,900
	256,760	91,000
	Dec-21	Jun-21
	\$	\$
<i>(Receivable from) and payable to related parties</i>		
Consultancy services and directors' fees provided by a Consolidated entity associated with Mr Stuart Crow	-	16,500
Consultancy services provided by a Consolidated entity associated with Dr Nicholas Lindsay (Director)	31,248	21,064
Consultancy services provided by a Consolidated entity associated with Amalia Saenz (Director)	36,000	-
Net advances to Mr Stephen Promnitz	(487,441)	(142,249)
	(420,193)	(104,685)

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 terms and conditions of the advances: to be finalised prior to end June 2022, unsecured, no personal guarantees
- No provision for collectability has been recognized nor bad debt expense raised.

LAKE RESOURCES NL
Directors' declaration
for the half year ended 31 December 2021

In the directors' opinion:

1. The financial statements and notes:
 - a). comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable

The directors have been given the declarations required by section 295A of the Corporations Act 2001 and the ASX Corporate Governance Guidelines (4th Edition).

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
Director

14 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lake Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lake Resources NL (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 14 March 2022