



Lake Resources NL

ABN 49 079 471 980

**Interim Report Half Year Financial Statements
For the six months ended 31 December 2023**

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**Lake Resources NL
Corporate directory
for the period ended 31 December 2023**

Directors

S. Crow
Non-Executive Chairman

D. Dickson
Managing Director and Chief Executive Officer

R. Trzebski
Non-Executive Director

C. Bo-Linn
Non-Executive Director

H. Atkins
Non-Executive Director

A. Gomez Chapman
Non-Executive Director

Company Secretary

Mark Anning

Principal registered office in Australia

Level 5, 126 Phillip Street
Sydney NSW 2000
+61 2 92999690

Share and debenture register

Automatic Registry
Level 5, 126 Phillip Street
Sydney NSW 2000
1300 288 664

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000

Bankers

National Australia Bank
Citibank NA Sydney

Stock exchange listings

Australian Securities Exchange (ASX code: LKE)
OTC QB: LLKKF

Website

www.lakeresources.com.au

Lake Resources NL
Directors' report
For the half-year ended 31 December 2023

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 2023.

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
D. Dickson, Managing Director and Chief Executive Officer
R. Trzebski, Non-Executive Director
C. Bo-Linn, Non-Executive Director
H. Atkins, Non-Executive Director
A. Gomez Chapman, Non-Executive Director

Principal activities

During the period the principal continuing 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 period.

Review of operations

The loss for the Consolidated entity after providing for income tax amounted to \$29,267,518 (2022: \$78,196).

Corporate strategy

During the period, Lake made excellent operational progress on its flagship Kachi Project ("Kachi", "Kachi Project" or "Project") which culminated in the completion of the Kachi Project Phase One Definitive Feasibility Study ("DFS") and maiden Ore Reserve statement supporting a 25-year life of mine (refer to ASX releases dated 19 December 2023).

With these operational milestones complete, the focus of the company has shifted to the strategic delivery of Kachi. In late November, Lake and Lilac Solutions ("Lilac"), its technology and operating partner of Kachi, engaged Goldman Sachs as financial adviser in connection with exploring a potential strategic partnership for Kachi (refer to ASX announcement dated 29 November 2023). This process was officially launched following the completion of the DFS.

Kachi plans to consider a range of funding alternatives, including, but not limited to, the introduction of a strategic partner, project finance, pre-payments from potential customers, and royalties. In particular, the strategic partner selection process ("the Process") will enable Kachi to widen the aperture of funding opportunities beyond the current Conditional Framework Agreements. This approach will allow Kachi to better optimize the economics of its offtake, in accordance with what has been seen in the market over the past year.

The successful selection and onboarding of a potential partner is an essential cornerstone to the development of Kachi, and Lake is committed to executing a thorough and prudent process, which is expected to conclude in the second half of 2024.

Lake Resources NL
Directors' report
For the half-year ended 31 December 2023

Corporate strategy (continued)

Aligning Developmental Timelines to Strategic Partner Selection Process

As announced in the ASX announcement dated 29 November 2023, Goldman Sachs is acting as financial advisor to the operating entity of Kachi with respect to a strategic partnering process. The Company is now actively conducting outreach to a wide array of potential strategic partners as it progresses the initial phase of the strategic partner selection the Process. This outreach includes car and battery manufacturers, lithium producers, oil and gas companies, sovereign wealth funds and private equity. Additionally, a virtual data room has been established for interested parties, subject to confidentiality arrangements. The Company will seek expressions of interest from those potential partners.

The second phase of the Process will then focus on a select pool of qualified potential partners as the Company moves towards identifying a potential strategic partner.

The Company expects the Process will conclude in the second half of the year (2H CY24), with final investment decision ("FID") to follow approximately nine to twelve months thereafter (CY25), which may delay the previous target date for FID. Additionally, the timeline for awarding the Front-End Engineering Design ("FEED"), independent power producer ("IPP") and other tenders may also be impacted by the timing and outcome of the Process, given that the type of strategic partner ultimately selected could influence these decisions.

Operations

Overview of Operations for the period

Kachi Lithium Brine Project - Catamarca Province, Argentina

In the last six months Lake marked company milestones on project development which included the Kachi DFS.

The Company is focused on delivering the Kachi Project in 2028, which is forecast to coincide with the start of a prolonged period of structural deficit for battery-grade lithium chemicals.

Kachi has taken an innovative approach to lithium brine extraction to advance sustainable and responsible lithium production through the application of ion exchange Direct Lithium Extraction ("DLE"). The process design for Kachi has been developed in partnership with Lilac and is supported by a rigorous field-testing program.

Below are highlights from the DFS. Additional details can be found in the Company's announcement to the ASX on 19 December 2023.

Lake Resources NL
Directors' report
For the half-year ended 31 December 2023

Operations (continued)

Overview of Operations for the period (continued)

Kachi Project Phase One Financial Highlights

- The Project boasts a post-tax NPV8 of US\$2.3 billion and an IRR of 21%.
- Targets battery grade lithium carbonate revenue of US\$21 billion and US\$16 billion EBITDA for the 25-year life of mine ("LoM").
- Targets annual average EBITDA of US\$635 million and EBITDA margin of 76%.
- US\$1.38 billion estimated initial Capex for Phase One is within the range provided in the previous operational update.
- US \$6.05 / kg of lithium carbonate equivalent ("LCE") estimated run rate Opex for Phase One is within the range provided in the previous operational update.

Project and Resource Highlights

- Total resource is estimated at 10.6 Mt LCE, a globally significant resource.
- 25-year mine life supported by maiden Ore Reserve statement.
- Phase One targets a production of 25ktpa battery grade lithium carbonate over the life of mine to meet the growing demand and specifications of the battery market.
- DLE process tailored to mitigate impact on the local community with minimal disruption to land, freshwater table, and water usage.
- The Project targets production of consistent battery grade lithium carbonate (>99.5% purity) at site without the need for further refining or processing.

The DFS marks an important milestone in the development of Kachi, building on the field, test and engineering work performed over the past two years and represents a credible, de-risked execution plan to support delivery of the Project.

The next key milestone for Kachi is the submission of the Environmental Impact Assessment ("EIA") expected to occur at the end of the first quarter of 2024.

Lake Resources NL
Directors' report
For the half-year ended 31 December 2023

Operations (continued)

Corporate and Financial

The key near-term objectives of the Company are to successfully complete the strategic partner selection process for Kachi and to submit the EIA, which launches the permitting review process with the Catamarca government.

Project Finance (Kachi)

As previously announced, Lake received Expressions of Interest from The UK Export Finance ("UKEF"), the Export Credit Agency ("ECA") of the United Kingdom, (ASX 11 August 2021) and from Canada's Export Credit Agency ("EDC"), to potentially support approximately 70% of the total finance required for Kachi (ASX 28 September 2021). These Expressions of Interest remain in place and discussions with UKEF and EDC are ongoing.

Additionally, Citi and J.P. Morgan, joint coordinators on the proposed debt financing for Kachi, amended and extended its agreement with the Company, reflecting the revised project development timeline (refer to ASX announcement dated 29 January 2024).

Subsequent to the end of the period, Lilac, a 20% owner of Kachi, completed a Series C capital raise of US\$145 million from existing investors, including Breakthrough Energy, BMW, and Sumitomo.

Cash position

Lake held cash of A\$31,308,144 at 31 December 2023 with no debt.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Consolidated entity during the financial period were as follows:

Lake strengthened its management team during the second half of the year, adding Don Miller to the executive team as the Company's Chief Financial Officer (refer to ASX announcement dated 8 December 2023). Mr. Miller is a highly accomplished energy financial executive bringing over 35 years of experience. He joined Lake after serving as the President and CEO of Bristow Group Inc. ("Bristow"), a leading global provider of helicopter services to the offshore energy industry. Importantly, he also served as Bristow's Chief Financial Officer, leading the development of the company's financial strategy, overseeing all corporate finance functions, and leading international corporate M&A efforts, including strategy, structuring, and negotiations. Earlier in his career, Mr. Miller served in financial roles of increasing responsibility at large, international public companies.

Lake Resources NL
Directors' report
For the half-year ended 31 December 2023

Matters subsequent to the end of the financial half-year

The Company previously announced an approximate 40%^{*1} reduction in expenditures for the quarter ending 31 March 2024 as compared to the quarter ending 31 December 2023 (refer to ASX announcement dated 31 January 2024). Lake is now implementing further cost saving measures through reducing global headcount by approximately 50% across its non-core operational and administrative workforce and additional streamlining of other general and administrative expenditures. As a result of these actions, the Company anticipates a further approximate 30%^{*1} reduction in expenditures in the quarter ending 30 June 2024 compared to the quarter ending 31 March 2024.

The above actions will not impact the planned timing of either the EIA submission, scheduled for 31 March 2024 or the strategic partner selection process.

Additionally, Lake will continue its rigorous approach to cost structure optimisation and will explore further ways to reduce expenses. Furthermore, the Company will continue to evaluate the monetization of non-core assets and lithium tenements, which are unrelated to Kachi.

^{*1}Exclusive of potential foreign exchange impacts.

No other matter or circumstance has arisen since 31 December 2023 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.

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 on page 7.

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

On behalf of the Directors



S. Crow
Director

06 March 2024

**Auditor's Independence Declaration
for the half-year ended 31 December 2023**

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

As lead auditor for the review of Lake Resources NL for the half-year ended 31 December 2023, 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 Lakes Resources NL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R Swaby', is written over a light blue horizontal line.

Richard Swaby

Director

BDO Audit Pty Ltd

Brisbane, 6 March 2024



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 half-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 half-year 31 December 2023**

		31 December 2023	31 December 2022
	Note	\$	\$
Other Income			
Interest income		1,099,194	943,744
Rental and sub-lease rental income		42,852	-
Gain on Electronic Payment Market (MEP Dollar)	4(g)	19,647,681	25,245,043
		<u>20,789,727</u>	<u>26,188,787</u>
Expenses			
Corporate expenses	4(b)	(4,926,152)	(3,744,903)
Administrative expenses	4(a)	(1,734,221)	(1,136,814)
Employee benefits expense	4(d)	(9,026,928)	(4,478,508)
Consultancy and legal costs	4(c)	(7,256,521)	(5,328,099)
Finance income/(costs) - net	4(e)	(90,021)	(13,076)
Depreciation and amortisation expense		(312,665)	(161,109)
Gain or loss on remeasurement of VAT receivable	7(b)	(3,097,835)	-
Share based payments expense	13	(2,189,294)	(10,322,484)
Foreign exchange gains or losses	4(f)	(21,407,599)	(1,109,506)
Loss before income tax expense		<u>(29,251,509)</u>	<u>(105,712)</u>
Income tax expenses/benefit		(16,009)	27,516
Loss after income tax expense for the half-year		<u>(29,267,518)</u>	<u>(78,196)</u>
Other comprehensive income for the half-year, net of tax			
Foreign currency translation reserve	10(v)	(6,521,574)	(13,386,027)
Total comprehensive income for the half-year		<u>(35,789,092)</u>	<u>(13,464,223)</u>
Profit/(Loss) after income tax expense for the half year attributable to:			
Owners of Lake Resources NL		(28,334,383)	(1,786,055)
Non-controlling interests	16	(933,135)	1,707,859
		<u>(29,267,518)</u>	<u>(78,196)</u>
Total comprehensive income for the period is attributable to:			
Owners of Lake Resources NL		(33,325,183)	(15,172,082)
Non-controlling interests	16	(2,463,909)	1,707,859
		<u>(35,789,092)</u>	<u>(13,464,223)</u>
		Cents	Cents
Basic losses per share	12	(1.99)	(0.13)
Diluted losses per share	12	(1.99)	(0.13)

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 31 December 2023

		31 December 2023	30 June 2023
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		31,308,144	89,217,466
Trade and other receivables	7(a)	4,025,878	1,935,223
Other current assets		2,263,007	1,420,335
Total current assets		37,597,029	92,573,024
Non-current assets			
Property, plant and equipment		1,079,706	1,541,620
Right-of-use assets	6	1,522,976	80,806
Other financial assets	7(b)	920,401	1,046,001
Exploration and evaluation, development and mine properties	5	120,322,331	98,175,863
Total non-current assets		123,845,414	100,844,290
Total assets		161,442,443	193,417,314
LIABILITIES			
Current liabilities			
Trade and other payables		8,081,170	11,247,824
Lease liabilities	6	1,052,815	348,354
Employee benefit obligations	8	7,527,865	4,170,663
Total current liabilities		16,661,850	15,766,841
Non-current liabilities			
Lease liabilities	6	1,998,744	1,324,490
Employee benefits		1,043	1,494
Total non-current liabilities		1,999,787	1,325,984
Total liabilities		18,661,637	17,092,825
Net assets		142,780,806	176,324,489
EQUITY			
Issued capital	9	229,049,499	229,703,796
Reserves	10	4,422,673	6,513,767
Accumulated losses		(93,302,462)	(64,968,079)
Total equity attributable to owners of the parent		140,169,710	171,249,484
Non-controlling interests	16	2,611,096	5,075,005
Total equity		142,780,806	176,324,489

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 half-year 31 December 2023

Consolidated entity	Note	Attributable to owners of Lake Resources NL			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated Losses			
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2022		231,179,318	9,508,419	(21,855,277)	218,832,460	-	218,832,460
Profit for the half-year		-	-	(1,786,055)	(1,786,055)	1,707,859	(78,196)
Other comprehensive income		-	(13,386,027)	-	(13,386,027)	-	(13,386,027)
Total comprehensive income for the half-year		-	(13,386,027)	(1,786,055)	(15,172,082)	1,707,859	(13,464,223)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		1,366,170	-	-	1,366,170	-	1,366,170
Share issue costs		(2,093,700)	-	-	(2,093,700)	-	(2,093,700)
Issue of unlisted options to brokers		-	1,744,848	-	1,744,848	-	1,744,848
Issue of unlisted options to brokers and KMPs and other employees		-	10,394,306	-	10,394,306	-	10,394,306
Transfer from option reserve to accumulated losses on broker options expiry/exercise		-	(1,366,171)	1,366,171	-	-	-
Transactions with non-controlling interests		-	(204,132)	-	(204,132)	204,132	-
Vesting of performance rights to Directors		-	(71,823)	-	(71,823)	-	(71,823)
Balance at 31 December 2022		230,451,788	6,619,420	(22,275,161)	214,796,047	1,911,991	216,708,038

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

Lake Resources NL
Consolidated statement of changes in equity
For the half-year 31 December 2023

	Note	Attributable to owners of Lake Resources NL			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Issued capital	Reserves	Accumulated losses			
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2023		229,703,796	6,513,767	(64,968,079)	171,249,484	5,075,005	176,324,489
Loss for the half-year		-	-	(28,334,383)	(28,334,383)	(933,135)	(29,267,518)
Other comprehensive income		-	(4,990,800)	-	(4,990,800)	(1,530,774)	(6,521,574)
Total comprehensive income for the half-year		-	(4,990,800)	(28,334,383)	(33,325,183)	(2,463,909)	(35,789,092)
Transactions with owners in their capacity as owners:							
Issue of performance stock units to employees		-	119,524	-	119,524	-	119,524
Issue of restricted stock units to employees		-	1,064,365	-	1,064,365	-	1,064,365
Share-based payments	13(a)	-	1,104,235	-	1,104,235	-	1,104,235
Issue of unlisted options to brokers	13(a)(iv)	-	611,582	-	611,582	-	611,582
Share issue costs		(654,297)	-	-	(654,297)	-	(654,297)
Balance at 31 December 2023		229,049,499	4,422,673	(93,302,462)	140,169,710	2,611,096	142,780,806

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 half-year 31 December 2023

	31 December 2023	31 December 2022
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(32,312,145)	(23,050,918)
Interest received	1,099,195	943,744
Interest paid	(90,021)	(13,075)
Income taxes paid	(16,010)	22,980
Rental income	42,852	-
Net cash outflow from operating activities	<u>(31,276,129)</u>	<u>(22,097,269)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(662,894)	(848,156)
Payments for exploration and evaluation	5 (31,924,595)	(36,994,315)
Repayment of loans by related parties	7 -	450,000
Net or gross receipt from Electronic Payment Market (MEP) transactions	4 19,647,681	25,245,043
Net cash outflow from investing activities	<u>(12,939,808)</u>	<u>(12,147,428)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	9 -	1,366,170
Share issue cost	9(a)(i) (42,716)	(348,852)
Principal payments of lease liabilities	(576,055)	(53,294)
Net cash (outflow)/inflow from financing activities	<u>(618,771)</u>	<u>964,024</u>
Net decrease in cash and cash equivalents	(44,834,708)	(33,280,673)
Cash and cash equivalents at the beginning of the financial year	89,217,466	175,444,065
Effects of exchange rate changes on cash and cash equivalents	(13,074,614)	(9,076,650)
Cash and cash equivalents at end of the half-year	<u>31,308,144</u>	<u>133,086,742</u>

The above consolidated 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 2023

Note 1. Significant accounting policies

a. Basis of preparation

This consolidated general purpose interim financial report for the interim half-year reporting period ended 31 December 2023 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 2023 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.

b. New and amended standards adopted by the Consolidated entity

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.

c. 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 loss after tax of \$29,267,518 and net cash outflows from operating and investing activities of \$44,215,937 for the half-year ended 31 December 2023. At 31 December 2023, the Company had net current assets of \$20,935,177.

Based upon the Consolidated entity's existing cash resources, the Directors consider there are reasonable grounds to believe that the Consolidated entity will be able to continue as a going concern after consideration of the following factors:

- The Consolidated entity has cash reserves of \$31,308,144 at 31 December 2023;
- The Consolidated entity has no loans or borrowings; and
- The Consolidated entity has the ability to adjust its expenditure outlays subject to its exploration and administrative activities and the Consolidated entity's funding position.
- Lake is now implementing further cost saving measures through reducing global headcount by approximately 50% across its non-core operational and administrative workforce and additional streamlining of other general and administrative expenditures. As a result of these actions, the Company anticipates a further approximate 30% reduction in expenditures in the quarter ending 30 June 2024.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 1. Significant accounting policies (continued)

c. Going concern (continued)

The Directors believe that the above indicators demonstrate that the Consolidated entity will be able to pay its debts as and when they fall due and continue as a going concern. Therefore, the Directors believe it is appropriate to adopt the going concern basis for the preparation of the Consolidated entity's December 2023 half year report.

The ability of the Consolidated entity to continue as a going concern is principally dependent upon the ability of the Consolidated entity to secure funds by raising additional capital and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated entity to continue as a going concern. In the event the above matters are not achieved, the Consolidated entity will be required to raise funds for working capital from debt or other equity sources.

The Directors expect that the current funds would be sufficient to meet operational expenditure requirement, including minimum exploration commitments across its tenements portfolio.

As announced on 29 November 2023, Lake has engaged a financial adviser to explore a strategic partnership for the Kachi project. Lake and Lilac Solutions are considering a range of funding alternatives including, but not limited to, the introduction of a strategic partner, project finance, pre-payments from potential customers and royalties. Discussions remain ongoing and will provide additional capital to fund activities prior to Final Investment Decision and ultimately project development. In addition, Lake is also considering all other financing alternatives, consistent with its capital management policies, which may include future equity offerings as required to fund costs whilst strategic discussions remain ongoing.

The Consolidated entity has previously raised funds through share placements and capital raisings from new and existing shareholders. Lake also has an At-the-market subscription Agreement ("ATM") (also referred to as Controlled Placement Agreement) with Acuity Capital. This agreement was extended from 31 January 2023 to 31 January 2026, and provides another additional source of raising cash and can be utilized by the Group at any point.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

d. 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.

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

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources.

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised in accordance with AASB 6. 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. For the basis of determination the following was considered:

- (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned
- (iii) exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area
- (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from the successful development or by sale

A Final Investment Decision (FID) to develop the Project is expected to be made after considering the following key factors: required permits are in place, engineering has reached construction ready status, adequate offtake agreements have been signed to underwrite any debt requirements, and the Project is funded through a mix of equity and debt. In order to attract funding, the Project will need to demonstrate technical feasibility and commercial viability.

Once FID has been taken, all past and future exploration and evaluation assets in respect of the area of interest are tested for impairment and transferred to the cost of development. To date, no development decision has been made.

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

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 a valuation model deemed appropriate taking into account the terms and conditions upon which the instruments were granted, including Binomial, Black-Scholes, or Monte Carlo models.

The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of restricted stock unit and performance shares that are expected to vest and become exercisable. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 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 and United States of America. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the financial statements.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 3. Operating segments (continued)

Segment Information (continued)

Geographical information

Argentina		Australia		United States of America		Total	
31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
2023	2022	2023	2022	2023	2022	2023	2022
\$	\$	\$	\$	\$	\$	\$	\$

Statement of Profit or Loss and Other Comprehensive Income

Loss after income tax expense for the year attributable to the owners of Lake Resources NL

(6,530,239)	20,128,350	(16,252,005)	(19,086,744)	(6,485,274)	(1,119,802)	(29,267,518)	(78,196)
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Argentina		Australia		United States of America		Total	
31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
2023	2023	2023	2023	2023	2023	2023	2023
\$	\$	\$	\$	\$	\$	\$	\$

Asset additions

Exploration expenditure	32,023,364	66,522,685	-	-	-	-	32,023,364	66,522,685
Property, plant and equipment	119,087	1,292,310	-	26,084	543,808	-	662,895	1,318,394
Right-of-Use Lease Asset	-	129,437	-	-	1,724,705	1,386,775	1,724,705	1,516,212
Total segment assets	81,938,093	79,596,736	57,047,221	102,734,625	22,457,129	11,085,953	161,442,443	193,417,314
Total segment liabilities	(93,775,045)	(84,710,418)	112,535,896	87,708,068	(37,422,489)	(20,090,478)	(18,661,638)	(17,092,828)

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 4. Profit/(loss) before income tax includes the following specific expenses:

	31 December 2023 \$	31 December 2022 \$
(a) Administrative expenses		
Office expenses	149,038	97,313
Short-term lease expenses	154,561	79,720
Other expenses ¹	1,046,105	729,770
Computer/Software licence fees	384,517	230,011
	<u>1,734,221</u>	<u>1,136,814</u>
(b) Corporate expenses		
Travel	1,023,255	1,788,487
Insurance ²	1,899,668	942,328
Auditors fees	130,926	171,671
Marketing expenses-Advertising	132,714	34,576
Share registry maintenance registry	300,055	259,233
Investor relations	477,584	328,856
IT support service cost	961,950	219,752
	<u>4,926,152</u>	<u>3,744,903</u>
(c) Consultancy and legal costs		
Directors fees	427,762	837,473
Consulting fees	2,613,364	3,218,477
Legal expenses	3,449,984	819,442
Other	765,411	452,707
	<u>7,256,521</u>	<u>5,328,099</u>
(d) Employee benefit expenses		
Superannuation	73,775	88,228
Wages, salary and other benefits ³	8,953,153	4,390,280
	<u>9,026,928</u>	<u>4,478,508</u>
(e) Finance income and expenses		
Interest and finance charges payable for lease liabilities	(79,889)	(4,394)
Interest expense	(10,132)	(8,682)
	<u>(90,021)</u>	<u>(13,076)</u>
(f) Foreign exchange (gains) and losses		
Realised gain or loss	613,058	24,734
Unrealised gain or loss ⁴	20,794,541	1,084,772
	<u>21,407,599</u>	<u>1,109,506</u>

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 4. Profit/(loss) before income tax includes the following specific expenses:
(continued)

- (1) Other expenses includes Argentina local tax payments and statutory obligations incidental to the exploration activities in the region.
- (2) In 2023, increase in operational activities, headcount and Directors results to additional insurance covers taken up.
- (3) Increase in headcount and related salaries and bonus accruals.
- (4) Relates to foreign currency changes from Argentina Pesos to US Dollars and Australian Dollar. Argentina Pesos to other country conversions changed approximately by ~80% due to Peso devaluation in December 2023.

(g) Gain on Electronic Payment Market (MEP Dollar)

The Argentine government has instituted exchange controls restricting the purchase of foreign currencies. As a result of these exchange controls, the Group (Minerales Australes SA and Morena Del Valle SA) use a legal trading mechanism commonly known as the MEP Dollar in which the Argentinian subsidiaries, Morena Del Valle SA and Minerales Australes SA buy Argentinian bonds in USD, and then sell the bonds, via local banking broker in Argentina, for Argentinian Peso. This is to enable the Group to fund working capital and exploration activities in its Argentinian operations. The MEP Dollar exchange rate has diverged significantly from Argentina's official exchange rate resulting in the Group recognising a gain from MEP Dollar bond transactions.

The MEP Dollar bonds are financial instruments where the gain or loss associated with the trading of these financial instruments are treated as other income or other expenses. A gain of \$19,647,681 was recognised in the period ended 31 December 2023 (2022: \$25,245,043). The Group held no unsettled MEP Dollar bonds at 31 December 2023 (2022: nil).

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 5. Non-current assets – exploration and evaluation

	31 December 2023 \$	30 June 2023 \$
Exploration and evaluation asset		
Exploration and evaluation assets	<u>120,322,331</u>	<u>98,175,863</u>

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

Half-year ended 31 December 2023	
Opening net book amount	98,175,863
Additions	32,023,364
Exchange differences	<u>(9,876,896)</u>
At 31 December 2023	<u>120,322,331</u>

The ultimate recoupment of exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The Consolidated entity determined no 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 2023. The recoverability of exploration project acquisition costs is dependent upon the successful development and commercial exploitation, or alternatively the sale of areas of interest.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 6. Right-of-use assets and lease liabilities

This note provides information for leases where the Consolidated entity is a lessee under a operating lease (refer to note for further details):

	31 December 2023 \$	30 June 2023 \$
Right-of-use assets		
Opening balance	80,806	229,692
Additions	1,724,706	1,516,212
Accumulated depreciation	(236,688)	(71,400)
Exchange differences	(45,848)	(257,778)
Asset write off	-	(1,335,920)
Net book amount	<u>1,522,976</u>	<u>80,806</u>
	31 December 2023 \$	30 June 2023 \$
Lease liabilities		
Current lease liability	1,052,815	348,354
Non-current lease liability	1,998,744	1,324,490
	<u>3,051,559</u>	<u>1,672,844</u>

In September 2023, Lake Corporate Inc. a subsidiary of Lake Resources NL entered into a 32- month lease for an office space in Texas with commencement date 15 September 2023, with no option to renew.

As at 30 June 2023, the office space in Florida was completely impaired on the basis that there had been no indicators that the property will be used or sub-leased.

As at 1 December 2023, the office space in Florida has been successfully sub-leased for 51- month effective from 1 December 2023 to 29 February 2028 with no option to renew. Cash inflow from sub-lease has been recognised as rental income in Consolidated statement of profit or loss and other comprehensive income.

Lake continues to have the obligation to make lease payments. The outstanding lease liability on the Florida property as at 31 December 2023 is \$1,239,022 (30 June 2023: \$1,406,222).

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 7. Trade and other receivables

	31 December 2023	30 June 2023
	\$	\$
(a) Trade and other receivables		
Related party receivable	200,000	200,000
Other receivables	1,540,999	582,449
Interest receivable	2,794	291,899
Security deposit	2,282,085	860,875
	<u>4,025,878</u>	<u>1,935,223</u>

As at 31 December 2023, a net related party receivable balance of \$200,000 represents cash advances to related party.

Due to the short-term nature of the related party receivable balance, its fair value is taken to equate to carrying amount as reported at 31 December 2023. The maximum exposure to credit risk for the Consolidated entity, is the carrying value of the related party receivable balance.

Security deposit balances relate to demand deposits for corporate credit cards and payroll administration service organisation.

	31 December 2023	30 June 2023
	\$	\$
(b) VAT Receivable		
Other financial assets	920,401	1,046,001

The Group has a total of \$920,401 (2023: \$1,046,001) of non-current Value Added Tax (VAT) recoveries due from the Argentina Revenue Authority. The Group records VAT at fair value due to the hyperinflationary economy in Argentina and the highly devaluing local currency. Fair value has been determined using a discounted cash flow valuation technique based on the forecast timing of recovery.

Impairment amount during the period was \$3,097,835.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 8. Employee benefit obligations

	31 December 2023 \$	30 June 2023 \$
Annual leave	292,128	1,026,847
Provision for Short Term Incentive	7,066,543	2,830,467
Employee Benefits: other employee benefits payable	169,194	313,349
	<u>7,527,865</u>	<u>4,170,663</u>

Note 9. Equity – issued capital

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	1,422,444,707	1,422,444,707	229,049,499	229,703,796

(i) Movements in share capital

Details	Notes	Date	Number of shares (thousands)	Issue price \$	Total \$
Opening balance		01/07/2023	1,422,444,707	-	229,703,796
Less: Transaction costs arising on share issues				-	(42,716)
Less: Transaction cost arising on options issued - to brokers	13(a)(iv)	-	-	-	(611,582)
Closing balance		31/12/2023	<u>1,422,444,707</u>	<u>-</u>	<u>229,049,499</u>

(ii) Share based payment transactions in share capital movements

Issues of share capital during the half-year included the equity-settled share-based payment transactions for the payment for fees and of services as detailed in Note 13.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 9. Equity – issued capital (continued)

(iii) Performance rights

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Balance at the end of the period	Vested during period but not converted	Expired during the period
15-Aug-19	15-Aug-24	5,000,000	-	-	5,000,000	-	-

The terms and conditions of performance rights on issue at 31 December 2023 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 granted	Performance hurdle	Performance achieved	No. vested and exercised	No of unvested performance rights	No. expired during the period
15-Aug-19	15-Aug-24	2,500,000	Pilot plants	100%	2,500,000	-	-
15-Aug-19	15-Aug-24	7,500,000	Investor	100%	2,500,000	5,000,000	-

Mr. Crow's 5 million performance right are yet to vest as the performance hurdles are yet to be met as at 31 December 2023.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 9. Equity – issued capital (continued)

(iv) Options

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

Nature of Options	Grant / Vest date	Expiry date	Exercised price	Balance at 1 July 2023	Issued	Expired Unexercised	Exercised	Balance at 31 December 2023
Option issued to KMP	13-Jul-21	12-Jul-24	\$0.55	2,000,000	-	-	-	2,000,000
Option issued to Brokers/ Consultants	1-Aug-22	1-Aug-24	\$0.50	5,601,000	-	-	-	5,601,000
Option issued to Brokers/ Consultants	14-Oct-21	25-Oct-24	\$1.48	1,000,000	-	-	-	1,000,000
Option issued to Brokers/ Consultants	16-Mar-22	1-Mar-23	\$0.57	2,000,000	-	-	-	2,000,000
Option issued to Brokers/ Consultants	16-Mar-22	15-Oct-22	\$1.42	1,036,122	-	-	-	1,036,122
Option issued to Brokers/ Consultants	26-Apr-22	26-Apr-25	\$1.42	1,036,122	-	-	-	1,036,122
Option issued to Brokers/ Consultants	26-Apr-22	26-Apr-25	\$0.70	1,000,000	-	-	-	1,000,000
Option issued to Staff	26-Aug-22	26-Aug-25	\$1.42	1,000,000	-	-	-	1,000,000
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	280,000	-	-	-	280,000
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	1,260,000	-	-	-	1,260,000
Option issued to Director	15-Sep-22	15-Sep-27	\$1.13	4,000,000	-	-	-	4,000,000
Option issued to Brokers/ Consultants	24-Oct-22	24-Oct-25	\$1.00	1,500,000	-	-	-	1,500,000
Option issued to Brokers/ Consultants	24-Oct-22	24-Oct-25	\$1.00	1,500,000	-	-	-	1,500,000
Option issued to KMP	10-Oct-22	10-Oct-27	\$0.99	500,000	-	-	-	500,000
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	4,010,000	-	-	-	4,010,000
Option issued to Staff	14-Nov-22	14-Nov-27	\$1.17	75,000	-	-	-	75,000
Option issued to Staff	11-Oct-22	11-Oct-27	\$0.99	300,000	-	-	-	300,000
Option issued to Staff	11-Nov-22	21-Nov-27	\$1.06	50,000	-	-	-	50,000
Option issued to Staff	1-Jan-23	1-Jan-27	\$0.83	851,700	-	-	-	851,700
Option issued to Staff	9-Jan-23	9-Jan-27	\$0.80	1,000,000	-	-	-	1,000,000
Option issued to Staff	11-Jan-23	11-Jan-27	\$0.84	75,000	-	-	-	75,000
Option issued to Staff	16-Jan-23	16-Jan-27	\$0.99	100,000	-	-	-	100,000
Option issued to Staff	1-Feb-23	1-Feb-27	\$0.82	1,145,692	-	-	-	1,145,692
Option issued to Staff	1-April-23	1-April-27	\$0.45	150,000	-	-	-	150,000
Option issued to Staff	20-Jun-23	20-Jun-27	\$0.31	882,352	-	-	-	882,352
Option issued to Staff	11-Aug-23	11-Aug-27	\$0.21	-	75,000	-	-	75,000
Total				32,352,988	75,000	-	-	32,427,988

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 9. Equity – issued capital (continued)

(iv) Options (continued)

	Grant/ Vest date	Expiry date	Exercised Price	Balance at 31 Dec 2023	Options Vested	Options Exercisable	Options unvested	Options Unexercisable
Option issued to KMP	13-Jul-21	12-Jul-24	\$0.55	2,000,000	2,000,000	2,000,000	-	-
Option issued to Brokers/ Consultants	1-Aug-22	1-Aug-24	\$0.50	5,601,000	5,601,000	5,601,000	-	-
Option issued to Brokers/ Consultants	19-Jan-22	19-Jan-25	\$1.48	1,000,000	1,000,000	1,000,000	-	-
Option issued to Brokers/ Consultants	14-Oct-21	25-Oct-24	\$0.57	2,000,000	2,000,000	2,000,000	-	-
Option issued to Brokers/ Consultants	26-Apr-22	26-Apr-25	\$1.42	1,036,122	1,036,122	1,036,122	-	-
Option issued to Brokers/ Consultants	26-Apr-22	26-Apr-25	\$1.42	1,036,122	1,036,122	1,036,122	-	-
Option issued to Staff	20-Jul-22	20-Jul-25	\$0.70	1,000,000	1,000,000	1,000,000	-	-
Option issued to Staff	26-Aug-22	26-Aug-25	\$1.42	1,000,000	1,000,000	1,000,000	-	-
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	280,000	280,000	280,000	-	-
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	1,260,000	1,260,000	1,260,000	-	-
Option issued to Director	15-Sep-22	15-Sep-27	\$1.13	4,000,000	1,000,000	1,000,000	3,000,000	3,000,000
Option issued to Brokers/ Consultants	24-Oct-22	24-Oct-25	\$1.00	1,500,000	1,500,000	1,500,000	-	-
Option issued to Brokers/ Consultants	24-Oct-22	24-Oct-25	\$1.00	1,500,000	1,500,000	1,500,000	-	-
Option issued to KMP	10-Oct-22	10-Oct-27	\$0.99	500,000	125,000	125,000	375,000	375,000
Option issued to Brokers/ Consultants	12-Sep-22	15-Jun-25	\$0.75	4,010,000	4,010,000	4,010,000	-	-
Option issued to Staff	14-Nov-22	14-Nov-27	\$1.17	75,000	18,750	18,750	56,250	56,250
Option issued to Staff	11-Oct-22	11-Oct-27	\$0.99	300,000	75,000	75,000	225,000	225,000
Option issued to Staff	21-Nov-23	21-Nov-27	\$1.06	50,000	12,500	12,500	37,500	37,500
Option issued to Staff	1-Jan-23	1-Jan-27	\$0.83	851,700	-	-	851,700	851,700
Option issued to Staff	9-Jan-23	9-Jan-27	\$0.80	1,000,000	-	-	1,000,000	1,000,000
Option issued to Staff	11-Jan-23	11-Jan-27	\$0.84	75,000	-	-	75,000	75,000
Option issued to Staff	16-Jan-23	16-Jan-27	\$0.83	100,000	-	-	100,000	100,000
Option issued to Staff	1-Feb-23	1-Feb-27	\$0.82	1,145,692	-	-	1,145,692	1,145,692
Option issued to Staff	1-Apr-23	1-Apr-27	\$0.45	150,000	-	-	150,000	150,000
Option issued to Staff	20-Jun-23	20-Jun-27	\$0.31	882,352	-	-	882,352	882,352
Option issued to Staff	11-Aug-23	11-Aug-27	\$0.21	75,000	-	-	75,000	75,000
				32,427,988	24,454,494	24,454,494	7,973,494	7,973,494

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 9. Equity – issued capital (continued)

(v) Performance shares

(a) Movements in performance shares were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Expired	Balance at the end of the period	Vested during the period but not converted
24-Feb-22	12-Sep-23	167,142	-	-	(167,142)	-	-
24-Feb-22	12-Sep-24	250,714	-	-	(250,714)	-	-
12-Sept-22	22-Jan-24	33,058	-	-	-	33,058	-
12-Sept-22	22-Jan-24	39,669	-	-	-	39,669	-
12-Sept-22	22-Nov-24	92,563	-	-	-	92,563	-
11-Dec-23	11-Dec-26	-	36,111,504	-	-	36,111,504	-
Total		583,146	36,111,504	-	(417,856)	36,276,794	-

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 10. Equity - reserves

	31 December 2023 \$	30 June 2023 \$
Change in proportionate interest reserve	(8,464,134)	(8,464,134)
Capital profits reserve	4,997	4,997
Performance rights and restricted stock units reserve	3,268,879	2,084,990
Foreign currency translation reserve	(12,979,245)	(7,988,445)
Option reserves	22,592,176	20,876,359
Total equity reserves	<u>4,422,673</u>	<u>6,513,767</u>

(i) Change in proportionate interest reserve

The change in proportionate interest reserve is used to recognise differences between the amount by which non-controlling interests are adjusted and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(ii) Capital profits reserve

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

(iii) 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.

(iv) Performance rights, performance shares and restricted stock unit reserve

Performance rights, performance shares and restricted stock unit reserve is to recognise the fair value of performance right and restricted stock units issued for share based payment to employees and service providers in relation to the supply of goods or services. Once performance right or restricted stock unit in a series have all been exercised or have expired, the reserve related to those performance right and restricted stock unit is adjusted against accumulated losses in the statement of change in equity.

(v) 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.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 10. Equity - reserves (continued)

(vi) Movements in reserves

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

Consolidated entity	Capital profit reserve \$	Option reserve \$	Performance rights and restricted stock units reserve \$	Change in proportionate interest reserve \$	Foreign currency translation reserve \$	Total other reserves \$
At 1 July 2022	4,997	8,068,141	970,129	-	465,152	9,508,419
Issue of unlisted options	-	-	-	-	-	-
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(1,366,171)	-	-	-	(1,366,171)
Other comprehensive income	-	-	-	-	(13,386,027)	(13,386,027)
Share based payments	-	10,093,107	301,199	-	-	10,394,306
Change in interest in controlled entity	-	-	-	(204,132)	-	(204,132)
Unwinding performance rights to Directors	-	-	(71,823)	-	-	(71,823)
Issue of unlisted options	-	1,744,848	-	-	-	1,744,848
At 31 December 2022	4,997	18,539,925	1,199,505	(204,132)	(12,920,875)	6,619,420

Consolidated entity	Performance stock units reserve \$	Capital profit reserve \$	Option reserve \$	Performance rights and restricted stock units reserve \$	Change in proportionate interest reserve \$	Foreign currency translation reserve \$	Total other reserves \$
At 1 July 2023	-	4,997	20,876,360	2,084,989	(8,464,134)	(7,988,445)	6,513,767
Issue of unlisted options	-	-	611,582	-	-	-	611,582
Share-based payment - fee for service	119,524	-	1,104,236	1,064,365	-	-	2,288,125
Other comprehensive income	-	-	-	-	-	(4,990,800)	(4,990,800)
At 31 December 2023	119,524	4,997	22,592,178	3,149,354	(8,464,134)	(12,979,245)	4,422,674

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 11. Events occurring after the reporting period

The Company previously announced an approximate 40%¹ reduction in expenditures for the quarter ending 31 March 2024 as compared to the quarter ending 31 December 2023 (refer to ASX announcement dated 31 January 2024). Lake is now implementing further cost saving measures through reducing global headcount by approximately 50% across its non-core operational and administrative workforce and additional streamlining of other general and administrative expenditures. As a result of these actions, the Company anticipates a further approximate 30%¹ reduction in expenditures in the quarter ending 30 June 2024 compared to the quarter ending 31 March 2024.

The above actions will not impact the planned timing of either the EIA submission, scheduled for 31 March 2024 or the strategic partner selection process.

Additionally, Lake will continue its rigorous approach to cost structure optimisation and will explore further ways to reduce expenses. Furthermore, the Company will continue to evaluate the monetization of non-core assets and lithium tenements, which are unrelated to the Kachi Project.

*¹Exclusive of potential foreign exchange impacts.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

a. Reconciliation of earnings used in calculating earnings per share

	31 December 2023	31 December 2022
	\$	\$
Loss after income tax attributable to the owners of Lake Resources NL	(28,334,383)	(1,786,055)

b. Weighted average number of shares used as denominator

Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,422,444,707	1,390,396,912
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	31 December 2023	31 December 2022
	Cents	Cents
Basic loss per share	(1.99)	(0.13)
Diluted loss per share	(1.99)	(0.13)

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 12. Earnings per share (continued)

Options, Restricted Stock Units and performance rights are considered anti-dilutive as the Company is in an accumulated loss position.

Note 13. Share-based payments

During the half-year ended 31 December 2023, the Company entered into 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:

	31 December 2023	31 December 2022
	\$	\$
Expensed to profit or loss - options (Note 13 (a)(i))	1,048,276	10,093,107
Expensed to profit or loss - RSU (Note 13 (a)(iii))	1,030,006	301,199
Expensed to profit or loss- Performance shares (Note 13(a)(iii))	111,012	(71,823)
Capitalised as equity transaction cost (Note 13a (iv))	611,582	1,744,848
	<u>2,800,876</u>	<u>12,067,331</u>

and credited as follows:

Reserve	<u>2,800,876</u>	<u>12,067,322</u>
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a. Expensed to Profit or Loss

(i) Options issue to Key Management Personnel, Employees and Supplier options

	31 December 2023	31 December 2022
	\$	\$
Options issued to brokers and consultants	-	8,768,375
Options issued to executives and employees	1,048,276	1,324,732
	<u>1,048,276</u>	<u>10,093,107</u>

For the period ended 31 December 2023 \$1,048,276 (2022: \$10,093,107) was recognised as an expense in the profit or loss.

These options issued to Key Management Personnel ("KMP") and a senior management staff as part of Lake's Resources Employee Award Program approved during the period are detailed in Note 14.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 13. Share-based payments (continued)

a. Expensed to Profit or Loss (continued)

(ii) Restricted Stock Unit issued as part of employee benefit

	31 December 2023	31 December 2022
	\$	\$
Restricted Stock Unit issued under employee award plan (expensed)	1,030,006	301,199
Restricted Stock Unit issued under employee award plan (capitalized in exploration and evaluation assets)	34,359	-
	<u>1,064,365</u>	<u>301,199</u>

Refer to details of Restricted Stock Unit issued to Note 14.

(iii) Performance shares issue to Employees

	31 December 2023	31 December 2022
	\$	\$
Performance Stock Unit issued under employee award plan (expensed)	111,012	(71,823)
Performance Stock Unit issued under employee award plan (capitalized in exploration and evaluation)	8,512	-
	<u>119,524</u>	<u>(71,823)</u>

Directors exercised judgement in assessing that the likelihood of the remaining hurdles for the vesting of the performance rights has materially changed since the prior year. Accordingly for the year ended 31 December 2023, \$119,524 (2022: (\$71,823)) was recognised as an expense in the profit or loss. The expense calculation recognises the probability of the performance hurdles being achieved.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 13. Share-based payments (continued)

a. Expensed to Profit or Loss (continued)

(iii) Performance shares issue to Employees (continued)

Position	Number of Rights granted	Performance measure	Measurement date	Directors judgement at 31 December 2023
Former Chief Finance Officer	167,142	Maintain and deliver accurate reporting across all facets of the business incorporating cash flows, pre-production and budgeting. Preparation of financial documents to the satisfaction of financiers, project banking syndicates and export credit agencies. Implementation and maintenance of acceptable budgetary and cash flow measures across Australia and Argentina.	12-Jul-23	Expired during the period. Nil expenses recorded in prior year.
	250,714	Delivery of the Kachi Project into production with appropriate reporting mechanisms in place.	12-Jul-24	Expired during the period on resignation of the CFO. Nil expenses recorded in prior year.
SVP Field Development & Evaluation	33,058	Public announcement of a maiden JORC resource at any of the Cauchari, Olaroz or Paso prospects.	22-Nov-23	In the Directors judgement, this milestones was not met by measurement date. Nil expenses recorded.
	39,669	Public announcement of a second maiden resource at any of Cauchari, Olaroz or Paso prospects.	22-Nov-23	In the Directors judgement, this milestones was not met by measurement date. Nil expenses recorded.
	92,563	Successful completion of a Preliminary Economic Assessment (PEA) or Prefeasibility Study (PFS) at any of Cauchari, Olaroz or Paso prospects.	22-Aug-24	In the Directors judgement, this milestones will not be met by measurement date. Nil expenses recorded.
Senior Management position	36,111,504	250% of current share price. 400% of current share price. 500% of current share price. 750% of current share price.	11-Dec-23	\$119,524 expenses were recognised during the period.

Note 13. Share-based payments (continued)

a. Expensed to Profit or Loss (continued)

(iv) Options issued for capital raising services

Shares under option granted to brokers and investor relations consultants in the prior period and continued to vest.

	Grant date	Number of options Issued	Exercise price \$	Expensed 2023 \$
Canacord Tranch 1	16-Jul-21	10,000,000	\$0.550	-
Canacord Tranch 2	16-Jul-21	10,000,000	\$0.550	135,852
Canacord Tranch 3	16-Jul-21	10,000,000	\$0.550	272,850
Canacord Tranch 4	16-Jul-21	5,000,000	\$0.550	202,881
		35,000,000		611,582

Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan

Employee Award Scheme was approved by shareholders at the 2022 Annual General Meeting. The Employee Award Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholders returns.

(i) Restricted Stock Units

Restricted Stock Units granted under the plan for are no consideration and carry no dividend or voting rights.

The terms and conditions of Restricted Stock Unit on issue at 31 December 2023 affecting remuneration of directors and other key management personnel in this financial period or reporting period are as follows:

Under the plan participants were granted options, performance units and restricted stock units which have various tranche vesting terms including;

- 25% increments on each of the first four anniversaries of the commencement date.
- 50% vest at 3 years, 50% vest at 4 years.

Vesting conditions typically include:

- participant continuing an employee of Lake through the applicable vesting date; where a change in control occurs while still employed by the company, any then un-vested RSU's shall immediately vest. Settlement of a Share, which may be settled in the form of a Share or cash at the sole discretion of the Board.
- Restricted Stock Unit granted under the plan are for no consideration and carry no dividend or voting rights.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

**Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan
(continued)**

Grant date	Vesting date	Number of units allotted	Fair value price	Valuation \$
15-Sep-22	15-Sep-23	250,000	\$0.930	232,500
	15-Sep-24	250,000	\$0.930	232,500
	15-Sep-25	250,000	\$0.930	232,500
	15-Sep-26	250,000	\$0.930	232,500
11-Oct-22	11-Oct-23	25,000	\$0.990	24,750
	11-Oct-24	25,000	\$0.990	24,750
	11-Oct-25	25,000	\$0.990	24,750
	11-Oct-26	25,000	\$0.990	24,750
10-Oct-22	10-Oct-23	37,500	\$0.990	37,125
	10-Oct-24	37,500	\$0.990	37,125
	10-Oct-25	37,500	\$0.990	37,125
	10-Oct-26	37,500	\$0.990	37,125
1-Dec-22	1-Dec-23	232,500	\$1.005	233,663
2-Dec-22	2-Dec-23	232,500	\$1.030	239,475
14-Nov-22	14-Nov-23	18,750	\$1.180	22,125
	14-Nov-24	18,750	\$1.180	22,125
	14-Nov-25	18,750	\$1.180	22,125
	14-Nov-26	18,750	\$1.180	22,125
4-Nov-22	4-Nov-23	12,500	\$1.070	13,375
	4-Nov-24	12,500	\$1.070	13,375
	4-Nov-25	12,500	\$1.070	13,375
	4-Nov-26	12,500	\$1.070	13,375
1-Jan-23	1-Jan-24	354,338	\$0.800	283,470
	1-Jan-25	115,838	\$0.800	92,670
	1-Jan-26	115,838	\$0.800	92,670
	1-Jan-27	115,838	\$0.800	92,670
11-Jan-23	11-Jan-24	18,750	\$0.840	15,656
	11-Jan-25	18,750	\$0.840	15,656
	11-Jan-26	18,750	\$0.840	15,656
	11-Jan-27	18,750	\$0.840	15,656
16-Jan-23	16-Jan-24	12,500	\$0.825	10,313
	16-Jan-25	12,500	\$0.825	10,313
	16-Jan-26	12,500	\$0.825	10,313
	16-Jan-27	12,500	\$0.825	10,313
1-Feb-23	1-Feb-24	220,474	\$0.815	179,686
	1-Feb-25	220,474	\$0.815	179,686
	1-Feb-26	220,474	\$0.815	179,686
	1-Feb-27	220,474	\$0.815	179,686
1-April-23	1-April-24	37,500	\$0.445	16,688
	1-April-25	37,500	\$0.445	16,688
	1-April-26	37,500	\$0.445	16,688
	1-April-27	37,500	\$0.445	16,688
20-Jun-23	20-Jun-24	110,294	\$0.305	33,640
	20-Jun-25	110,294	\$0.305	33,640
	20-Jun-26	110,294	\$0.305	33,640
	20-Jun-27	110,294	\$0.305	33,640
30-Jun-23	30-Jun-23	272,499	\$0.300	81,750

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan
(continued)

Grant date	Vesting date	Number of units allotted	Fair value price	Valuation \$
11-Aug-23	11-Aug-24	37,500	\$0.210	7,875
	11-Aug-25	37,500	\$0.210	7,875
	11-Aug-26	37,500	\$0.210	7,875
	11-Aug-27	37,500	\$0.210	7,875
11-Dec-23	11-Dec-26	25,320,974	\$0.130	3,291,723
	11-Dec-27	25,320,974	\$0.130	3,291,725
		54,990,662		9,873,864

Several Restricted Stock Units issued during the period vested immediately. Six month expenses recognised include;

Grant date	Number of RSUs granted	Expiry date	Exercise price	Fair value	Expensed \$
15-Sept-22	1,000,000	15-Sep-26	-	\$0.930	175,991
10-Oct-22	150,000	10-Oct-27	-	\$0.995	29,471
11-Oct-22	100,000	11-Oct-27	-	\$0.990	22,142
14-Nov-22	75,000	14-Nov-27	-	\$1.180	18,567
1-Dec-22	232,500	1-Dec-23	-	\$1.030	98,586
2-Dec-22	232,500	2-Dec-23	-	\$1.030	101,695
1-Jan-23	679,800	1-Jan-27	-	\$0.800	189,409
11-Jan-23	75,000	11-Jan-27	-	\$0.835	16,905
16-Jan-23	50,000	16-Jan-27	-	\$0.825	10,824
1-Feb-23	706,828	1-Feb-27	-	\$0.815	151,566
1-April-23	150,000	1-April-27	-	\$0.445	17,539
20-Jun-23	474,587	20-Jun-27	-	\$0.305	37,934
30-Jun-23	272,499	30-Jun-23	-	\$0.30	81,750
11-Aug-23	150,000	11-Aug-27	-	\$0.21	6,864
11-Dec-23	50,641,948	11-Dec-27	-	\$0.13	105,121
	54,990,662				1,064,365

(ii) Options

Options granted under the plan for are no consideration and carry no dividend or voting rights.

The terms and conditions of options on issue at 31 December 2023 affecting remuneration Directors and other key management personnel of director (Note 13(a)(i)) and employees in this financial period or reporting period.

Vesting conditions typically include;

- participant continuing an employee of Lake through the applicable vesting date; where a change in control occurs while still employed by the company, any then un-vested option's shall immediately vest. Settlement of a Share, which may be settled in the form of a Share or cash at the sole discretion of the Board.

- Options granted under the plan are for no consideration and carry no dividend or voting rights.

Under the plan, participants are granted options which vest in 25% increments on each of the first four anniversaries of the commencement date. These Option's have been valued using both the Black-Scholes model with the following assumptions:

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan
(continued)

- The exercise price is based on fair value of share price at grant date;
- The exercise price of Options is based on fair value of share price on the last open day of the Stock market prior to the Commencement Date; and
- The Options have varying grant dates being the dates on which the employee commenced employment with the company. The offer price for each grant date has been taken as the closing price on the ASX prior to the Commencement Date.

Six months expenses recognised during the period include;

Grant date	Number of options granted	Expiry date	Exercise price	Fair value	Expensed \$
20-Jul-22	1,000,000	20-Jul-25	\$0.700	\$0.700	-
22-Aug-22	1,000,000	22-Aug-25	\$1.500	\$1.500	-
15-Sept-22	4,000,000	15-Sep-27	\$1.130	\$1.130	467,380
10-Oct-22	500,000	10-Oct-27	\$0.995	\$0.995	67,151
11-Oct-22	300,000	11-Oct-27	\$0.990	\$0.990	40,205
14-Nov-22	75,000	14-Nov-27	\$1.175	\$1.175	12,720
21-Nov-22	50,000	21-Nov-27	\$1.060	\$1.060	7,745
1-Jan-23	851,700	1-Jan-28	\$0.800	\$0.800	106,810
9-Jan-23	1,000,000	9-Jan-28	\$0.830	\$0.840	131,680
11-Jan-23	75,000	11-Jan-28	\$0.835	\$0.835	9,969
16-Jan-23	100,000	16-Jan-28	\$0.825	\$0.810	13,231
1-Feb-23	1,145,689	1-Feb-28	\$0.815	\$0.815	153,585
1-April-23	150,000	1-April-28	\$0.445	\$0.445	11,812
20-Jun-23	882,353	16-Jun-28	\$0.460	\$0.460	81,950
11-Aug-23	75,000	11-Aug-28	\$0.210	\$0.210	-
	11,204,742				1,104,238

Lake Resources NL
Notes to the financial statements
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Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan
(continued)

(ii) Options (continued)

Grant date	20-Jul-22	22-Aug-22	15-Sep-22	11-Oct-22	10-Oct-22	21-Nov-22	14-Nov-22
Vesting Date	20-Jul-22	22-Aug-22	15-Sep-26	11-Oct-26	10-Oct-27	21-Nov-26	14-Nov-26
Share Price at grant date	\$0.700	\$1.210	\$0.925	\$0.990	\$0.995	\$1.060	\$1.175
Exercise (Strike) Price	\$0.700	\$1.500	\$1.130	\$0.990	\$0.995	\$1.060	\$1.175
Time to Maturity (in years)	5	3	5	5	5	5	5
Annual Risk-Free Rate	3.21%	3.6%	3.79%	3.70%	3.57%	3.34%	3.44%
Annualised Volatility	108.18%	109.949%	109.949%	107.70%	107.70%	107.7%	107.7%

Grant date	21-Nov-22	1-Jan-23	9-Jan-23	11-Jan-23	16-Jan-23	1-Feb-23	1-April-23
Vesting Date	21-Nov-22	1-Jan-27	9-Jan-27	11-Jan-27	16-Jan-27	1-Feb-27	1-April-27
Share Price at grant date	\$1.060	\$0.800	\$0.830	\$0.835	\$0.825	\$0.815	\$0.445
Exercise (Strike) Price	\$1.060	\$0.800	\$0.830	\$0.835	\$0.825	\$0.815	\$0.445
Time to Maturity (in years)	5	5	5	5	5	5	5
Annual Risk-Free Rate	3.34%	3.7%	3.46%	3.46%	3.32%	3.30%	3.03%
Annualised Volatility	107.7%	106.622%	106.622%	106.622%	106.622%	106.41%	103.16%

Grant date	20-Jun-23	11-Aug-23
Vesting Date	20-Jun-27	11-Aug-27
Share Price at grant date	\$0.305	\$0.21
Exercise (Strike) Price	\$0.305	\$0.21
Time to Maturity (in years)	5	5
Annual Risk-Free Rate	5	4.01%
Annualised Volatility	106.62%	100.068%

(iii) Performance shares

Under the plan, participants are granted performance shares which vest in tranches based on achievement of share price targets. These Market Based Awards Vest in 25% increments when the share price increases from \$0.13 by 250%, 400%, 500%, 750%.

These Performance units have been valued using Monte Carlos simulation with the following assumptions:

1. Share price at the grant date was \$0.13;
2. While each tranche vests upon achievement of the share price target, PSU awards are subject to a minimum three (3) year lock from the date of grant and participants will not be able to convert units into awards until completion of the three (3) year lock.

Lake Resources NL
Notes to the financial statements
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**Note 14. Employee Option, Restricted Stock Unit and Performance Shares Plan
(continued)**

(iii) Performance shares (continued)

Grant date	Number of Rights/ shares granted	Expiry date	Converted to Shares	Expired	Fair value at grant date	Expensed 2023 \$
22-Feb-22	167,142	12-Sep-23	-	167,142	\$0.090	-
22-Feb-22	250,714	12-Sep-24	-	250,714	\$0.090	-
12-Sep-22	33,058	22-Jan-24	-	-	\$1.210	-
12-Sep-22	39,669	22-Jan-24	-	-	\$1.210	-
12-Sep-22	92,563	22-Nov-24	-	-	\$1.210	-
11-Dec-23	36,111,504	11-Dec-26	-	-	\$1.30	119,524
	36,694,650		-	417,856		119,524

Grant date	11-Dec-23
Vesting Date	11-Dec-26
Share Price at grant date	\$0.13
Exercise (Strike) Price	\$0.000
Time to Maturity (in years)	5
Annual Risk-Free Rate	4.01%
Annualised Volatility	100.068%

Lake Resources NL
Notes to the financial statements
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Note 15. Related party transactions

Parent entities

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	
		31 December 2023 %	31 December 2022 %
Kachi Lithium Pty Ltd*	Australia	80	90
LithNRG Pty Ltd	Australia	100	100
Minerales Australes SA	Argentina	100	100
Morena del Valle Minerals SA*	Argentina	80	90
Lake Resources CRN Pty Ltd	Australia	100	100
Lake Corporate FL LLC**	USA	100	-
Lake Corporate Inc**	USA	100	-

* Refer to Note 16 for details on the non-controlling interest on Kachi Lithium Pty Ltd which owns Morena del Valle Minerals SA.

** Lake Corporate FL LLC and Lake Corporate Inc. were incorporated on 31 August 2022 as a wholly owned subsidiary of Lake Resources NL.

Kachi Lithium Pty Ltd (KLPL) was incorporated on 26 August 2021 as a wholly owned subsidiary of Lith NRG Pty Ltd. KLPL will be the vehicle through which Kachi 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.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 15. Related party transactions (continued)

Transactions with other related parties

The following transactions occurred with related parties:

	31 December 2023 \$	30 June 2023 \$
<i>Payment for services</i>		
Consultancy services provided by an entity associated with Amalia Saenz (Director resigned 1 Feb 2023)	-	142,312
<i>Receivable from related parties</i>		
Net advance to related party	200,000	200,000

Terms and conditions

Disclosures relating to the advance to Mr. Promnitz:

- The outstanding balance at 31 December 2023 was \$200,000 (2023: \$200,000).
- The terms and conditions at December 2023 of the advances are unsecured and has no personal guarantees. There were no changes as at 31 December 2023.
- No provision for credit loss been recognised.

Note 16. Non-controlling interests

	31 December 2023 \$	30 June 2023 \$
Interest in:		
Reserves	2,611,096	5,075,005

Name	Proportion of ownership interest and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	30 June 2023
Kachi Lithium Pty Ltd	20%	10%	(2,463,908)	1,707,859	2,611,096	5,075,005

As at 30 June 2023, Lilac earned additional 10% interest in Kachi Lithium Pty (KLPL) upon completion of a key milestone relating to Lilac test work on-site, taking the interest earned at 30 June 2023 to 20%, there have been no changes as at 31 December 2023. Details of the relevant phases and KPI as detailed below and this entitles Lilac to Class B shares.

Details of the key milestones are highlighted below:

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2023

Note 16. Non-controlling interests (continued)

	Event	KPI	Status
1	Commitment to provide funds.	Phase 1 will commence on the "Effective Date" under the Shareholders Agreement and end the day prior to the day on which Phase 2 commences	KPI has been achieved. Lilac earned 10% stake in Kachi Lithium Pty Ltd.
2	Preparation of the Oakland Chloride Product	The Oakland Chloride Product will be a "Lithium Carbonate Feed," meaning that, in each case as reported by Lilac and confirmed via sample analysis by SGS S.A., ALS Limited, or a similar high quality Third Party analytical lab selected by Lilac (an "Independent Lab"), it will have: 1. lithium content above 1 g/L; 2. total sodium, magnesium, calcium, and potassium ("Other Metal Cations") content less than 3x higher than lithium content (e.g., if lithium at 2 g/L, total Other Metal Cations must be less than 6 g/L); and 3. iron and boron content each less than 1/10th the lithium content (e.g. if lithium at 2 g/L, iron and boron must each be below 0.2 g/L).	Achieved KPI for production of 2,500 kg LCE in April 2023. Lilac ownership moved from 10% to 20% of KLP at that time (See press release from 17 April 2023).
	Lilac Test-Work in Oakland to Support DFS	An Oakland Pilot Work test must demonstrate, in each case as reported by Lilac and confirmed via sample analysis by an Independent Lab: 1. lithium recovery above 80% for a brine containing at least 250 mg_Li/L (if test is done on a brine provided by Lake with less than 250 mg_Li/L, the required lithium recovery for this KPI shall be reduced by 0.5% for every 1 mg_Li/L below 250 mg_Li/L of the brine); and 2. production of a lithium chloride solution that is a Lithium Carbonate Feed, as defined in the specifications in 1 above.	
	Lilac Test-Work On-Site	1. Lilac completes at least 1,000 hours of operations (including uptime, maintenance, monitoring, and other work that constitutes operations as determined by Lilac in its reasonable discretion) of the Lilac Pilot Unit onsite at Kachi provided, however that this will be deemed achieved if Lake fails to facilitate operation of the Pilot Unit pursuant to clause 8.4; and 2. produces a Lithium Carbonate Feed (as defined in the specifications in KPI 1 above) totalling at least 2,500 kg of lithium carbonate equivalents from onsite operations (storage of this product will be Lake's sole responsibility and at Lake's sole cost).	
3	Product Qualification	Phase 3 will commence on the date on which the Class B Shareholder satisfies the Phase 3 (obtain Tier 1 Product Qualification) and ends on the date of conversion of the Class A Shares into Class A-1 Shares	The demonstration plant test program has been completed at Kachi. Acceptance of the Tier 1 Product Qualification is ongoing while offtake arrangements are concluded. It is likely that this KPI will be met in 2024 as the strategic partner process is matured. In the event of confirmation of Tier 1 Product Qualification Lilac would earn a further 5% ownership stake in KLP.

Lake Resources NL
Notes to the financial statements
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Note 16. Non-controlling interests (continued)

Summarised financial information for Kachi Lithium Pty Ltd, before intragroup eliminations, is set out below:

	31 December 2023 \$	30 June 2023 \$
Current asset	4,154,191	7,995,496
Non-current assets	103,384,707	114,597,171
Total assets	<u>107,538,898</u>	<u>122,592,667</u>
Current liabilities	81,393,776	71,875,092
Non-current liabilities	164,592	151,461
Total liabilities	<u>81,558,368</u>	<u>72,026,553</u>
Equity attributable to owners of the parent	25,980,530	50,566,113
Non-controlling interest	<u>6,032,071</u>	<u>6,965,205</u>
Profit for the period attributable to owners of the parent	(4,175,329)	1,044,655
Loss for the period attributable to NCI	(933,135)	(1,498,928)
Loss for the half- year	<u>(5,108,464)</u>	<u>(454,273)</u>
Total comprehensive income for the period attributable to the owners of the parent	(11,762,881)	(8,340,036)
Total comprehensive income for the period attributable to NCI	(2,463,908)	(3,389,129)
Profit/(Loss) for the half-year	<u>(14,226,789)</u>	<u>(11,729,165)</u>

Lake Resources NL
Directors' declaration
for the half year ended 31 December 2023

In the Directors' opinion:

- (a) the financial statements and notes:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and AASB 134 Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
- (b) 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.

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

A handwritten signature in black ink, appearing to be "S. Crow", written in a cursive style.

S. Crow
Director

06 March 2024

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 Resource NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, a summary of significant 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 2023 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.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

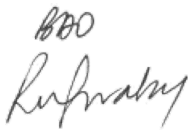
The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 2023 and its 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



Richard Swaby
Director

Brisbane, 6 March 2024