

LAKE RESOURCES N.L.

ABN 49 079 471 980

FINANCIAL REPORT

FOR THE PERIOD ENDED

31 DECEMBER 2009

LAKE RESOURCES N.L.

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LAKE RESOURCES NL

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DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half-year ended 31 December 2009.

DIRECTORS

The names of Directors who held office during or since the end of the half-year and to the date of this report are:

Peter J. Gilchrist
James G. Clavarino
Ross Johnston

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating loss after applicable income tax for the half-year to 31 December 2009 was \$70,997 (2008: Loss \$163,420). Refer also to the Quarterly Reports released by the company for the periods July to September 2009 and October to December 2009.

Continued Operations and Future Funding

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2009, the company's balance sheet shows total assets of \$5,409,181, total liabilities of \$29,121, and net assets of \$5,380,060. Current assets total \$354,986 and include cash assets of \$330,138. Current liabilities total \$29,121.

As outlined in previous financial reports and disclosures by the company, the ongoing activities will concentrate on the exploration program in Pakistan. Historically the company has financed these activities through equity.

The company's ability to continue with its planned exploration activities is dependent on having finance available. Current cash forecasts for the forthcoming twelve months show that all existing sources of funds will be substantially utilised, including drawing down on all the existing finance facilities. The next phase of exploration activities will necessitate the sourcing of additional working capital to undertake these planned activities.


The Directors are reviewing exploration activity and corporate expenditures, with a view to obtaining future funding through a share placement or joint venture capital. Directors are confident that funding initiatives will be successful, however there can be no assurance that such funding will in fact be raised and sources of additional funding have not yet been confirmed.

The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2009 has been received and is located in this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



P J Gilchrist
Director

Dated: 9 March 2010

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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the company's financial position as at 31 December 2009 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 as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



P J Gilchrist
Director

Dated: 9 March 2010

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	31 December 2009 \$	31 December 2008 \$
Revenue		2,792	9,159
Classification of Expenses by Function:			
Write-off of capitalised exploration costs		(14,100)	-
Administrative costs		(13,284)	(47,860)
Corporate costs		(41,405)	(112,719)
Occupancy costs		(5,000)	(12,000)
Loss before income tax		(70,997)	(163,420)
Income tax expense		-	-
Loss for the period		(70,997)	(163,420)
Other comprehensive income		-	-
Total comprehensive income for the period		(70,997)	(163,420)
Basic earnings per share (cents per share)		(0.20)	(0.46)
Diluted earnings per share (cents per share)		(0.20)	(0.46)
Dividends per share (cents per share)	9	-	-

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		148,589	330,138
Trade and other receivables		5,523	23,514
Other current assets		12,307	1,334
Total Current Assets		166,419	354,986
NON-CURRENT ASSETS			
Property, plant and equipment		87,976	106,604
Exploration and evaluation expenditure	8	5,061,455	4,947,581
Financial assets		10	10
Total Non-Current Assets		5,149,441	5,054,195
TOTAL ASSETS		5,315,860	5,409,181
CURRENT LIABILITIES			
Trade and other payables		6,797	29,121
Total Current Liabilities		6,797	29,121
TOTAL LIABILITIES		6,797	29,121
NET ASSETS		5,309,063	5,380,060
EQUITY			
Issued capital		6,939,873	6,939,873
Reserves		1,051,609	1,051,609
Accumulated losses		(2,682,419)	(2,611,422)
TOTAL EQUITY		5,309,063	5,380,060

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Issued Capital	Capital Profits Reserve	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance 1 July 2008	5,741,350	4,997	1,046,612	(2,344,834)	4,448,125
Net loss attributable to members of the entity	-	-	-	(163,420)	(163,420)
Total other comprehensive income for the period	-	-	-	-	-
Subtotal	5,741,350	4,997	1,046,612	(2,508,254)	4,284,705
Capital Raised	783,421	-	-	-	783,421
Balance 31 December 2008	6,524,771	4,997	1,046,612	(2,508,254)	5,068,126
Balance 1 July 2009	6,939,873	4,997	1,046,612	(2,611,422)	5,380,060
Net loss attributable to members of the entity	-	-	-	(70,997)	(70,997)
Total other comprehensive income for the period	-	-	-	-	-
Subtotal	6,939,873	4,997	1,046,612	(2,682,419)	5,309,063
Balance 31 December 2009	6,939,873	4,997	1,046,612	(2,682,419)	5,309,063

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	31 December 2009 \$	31 December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(56,367)	(563,283)
Interest received	2,792	9,159
Net cash provided by (used in) operating activities	<u>(53,575)</u>	<u>(554,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration, evaluation and development expenditure	(127,974)	(543,243)
Net cash provided by (used in) investing activities	<u>(127,974)</u>	<u>(543,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	789,122
Transaction costs on issue of shares	-	(5,701)
Net cash provided by (used in) financing activities	<u>-</u>	<u>783,421</u>
Net increase (decrease) in cash held	(181,549)	(313,946)
Cash at start of period	330,138	936,929
Cash at end of period	<u>148,589</u>	<u>622,983</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lake Resources NL. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the entity for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised accounting standards.

Accounting Standards not previously applied

The company has adopted the following new and revised Australian Accounting Standards issued by the ASSB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- The replacement of income statement with statement of comprehensive income. Items of income and expense not recognized in profit or loss are now disclosed as components of 'other comprehensive income'. In this regards, such items are no longer reflected as equity movements in the statement of
- The adoption of the single statement approach to the presentation of the statement of comprehensive
- Other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the entity's chief operating decision maker which, for the entity, is the Board of Directors. As a result of adoption of this revised standard the Board has determined that the company operates as a single segment entirely in the mineral exploration industry.

Continued Operations and Future Funding

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2009, the company's balance sheet shows total assets of \$5,315,860, total liabilities of \$6,797, and net assets of \$5,309,063. Current assets total \$166,419 and include cash assets of \$148,589. Current liabilities total \$6,797.

As outlined in previous financial reports and disclosures by the company, the ongoing activities will concentrate on the exploration program in Pakistan. Historically the company has financed these activities through equity.

LAKE RESOURCES NL

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION (cont)

Continued Operations and Future Funding (cont)

The company's ability to continue with its planned exploration activities is dependent on having finance available. Current cash forecasts for the forthcoming twelve months show that all existing sources of funds will be substantially utilised, including drawing down on all the existing finance facilities. The next phase of exploration activities will necessitate the sourcing of additional working capital to undertake these planned activities.

The Directors are reviewing exploration activity and corporate expenditures, with a view to obtaining future funding through a share placement or joint venture capital. Directors are confident that funding initiatives will be successful, however there can be no assurance that such funding will in fact be raised and sources of additional funding have not yet been confirmed.

The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

The interim financial report was approved by the Board of Directors on 9 March 2010.

	31 December 2009 \$	31 December 2008 \$
NOTE 2: REVENUE		
Interest received from other parties	2,792	9,159
Total revenue	2,792	9,159

NOTE 3: LOSS FOR THE HALF YEAR

The following expense items are relevant in explaining the financial performance for the interim period:

Depreciation	18,628	18,564
Rental expense on operating leases	5,000	12,000
Write-off of capitalised exploration expenditure	14,100	-

NOTE 4: INCREASE IN ISSUED CAPITAL DURING PERIOD

During the prior period a non-renounceable rights issue to existing shareholders at \$0.10 per fully paid share raised a total of \$789,000 (before costs). There was no capital raising in the current period.

-	789,000
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NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2009, no event has arisen that would be likely to materially affect the operations or the state of affairs of the disclosing entity, not otherwise disclosed in this financial report.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 7: OPERATING SEGMENTS

(i) Segment Information

The company operates entirely in the mineral exploration industry with all tenements in Pakistan and corporate operations in Australia. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

(ii) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	For the six months ended 31.12.09	For the six months ended 31.12.08
Australia	2,792	9,159
Pakistan	-	-
Total Revenue	<u>2,792</u>	<u>9,159</u>

(iii) Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

	Balance as at 31.12.09	Balance as at 30.06.09
Australia	254,405	461,600
Pakistan	5,061,455	4,947,581
Total assets	<u>5,315,860</u>	<u>5,409,181</u>

(iv) Major customers

Other than bank interest received, the company has received no revenue from external customers.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009 \$	30 June 2009 \$
NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation costs carried forward in respect of areas of interest are:		
- at cost	5,061,455	4,947,581
Movement during the period in exploration and evaluation expenditure:		
Carrying amount at beginning of period	4,947,581	3,769,847
Capitalised exploration and evaluation expenditure	127,974	1,177,734
Write off of discontinued exploration tenements	(14,100)	-
Carrying amount at the end of period	5,061,455	4,947,581

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals. Capitalised costs amounting to \$127,974 (June 2009: \$1,177,734) have been included in cash flows from investing activities in the cash flow statement.

NOTE 9: DIVIDENDS

No dividends were declared or paid during or since the end of the period.

NOTE 10: CAPITAL AND LEASING COMMITMENTS

Exploration Commitments

New exploration licences were granted commencing on 10 September 2009. Under the terms of the new licences the company has to meet annual rent and undertake exploration over the next three years. This commitment is estimated as follows:

	Rent \$	Exploration \$	Total \$
Not later than one year	24,000	150,000	174,000
Later than 1 year but not later than 5 years	24,000	300,000	324,000
Total commitment	48,000	450,000	498,000

NOTE 11: CONTINGENT LIABILITIES

Under the terms of the new exploration licences granted on 10 September 2009 (which are in accordance with the latest policy of the Government), the company must elect to grant the Government a 12.5% share without any investment or a 25% investment in the venture. No decision has yet been made by the Board in relation to this election at the date of this report.

Independent auditor's review report To the members of Lake Resources NL

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Lake Resources NL, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, the accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2009 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*. As the auditor of Lake Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Lake Resources NL on 9 March 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report.

**Independent auditor's review report
To the members of Lake Resources NL (continued)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lake Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty - Continued Operations and Future Funding


Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company's ability to continue with its planned exploration activities is dependent on having finance available.

As indicated in the note, the Directors are reviewing exploration activity and corporate expenditures, with a view to obtaining future funding through a share placement or joint venture capital. The Directors are confident these initiatives will be successful, and no commitment has yet been made as to the source any additional funding. The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

The outcome of the initiatives taken by Directors cannot presently be determined with any certainty. The company's ability to continue as a going concern will be dependent on obtaining future finance.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd



AM Robertson
Director

Brisbane
Date: 9 March 2010

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

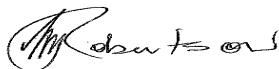
To the Directors of Lake Resources NL

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2009 there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hayes Knight Audit (Qld) Pty Ltd.

Hayes Knight Audit (Qld) Pty Ltd



AM Robertson
Director

Brisbane
Date: 9 March 2010