Lake Resources NL

A.B.N. 49 079 471 980

QUARTERLY REPORT for JANUARY – MARCH 2004

SUMMARY

- **Exploration**

Sweden: Efforts continued to seek farm-in partners for Lake Resources' Sweden tenements.

Pakistan: Further field work was undertaken during March on the Chagai Project, where the targets are porphyry copper-gold and epithermal gold deposits. Lake holds tenements in the vicinity of the Saindak porphyry copper gold mine, which has resumed production, and the TCC-BHP Billiton Reko Diq Project (see *Investments* below). Preliminary drilling of several targets is planned for later in the year.

Argentina: Data compilation continued for the northern Argentina project where Lake Resources is targeting porphyry copper-gold and epithermal gold-silver deposits. Follow-up field investigations are planned for later in 2004.

- **'Seed Capital' Investments**

An important component of Lake Resources' corporate strategy is 'seed capital' investments in emerging resources sector companies. Profits from these investments will be used to fund future exploration and further 'seed capital' investment opportunities.

Lake Resources owns 1 million shares in ASX-listed **Mincor Resources N L**. On 27th April, the last sale of Mincor shares on ASX was at $0.75.

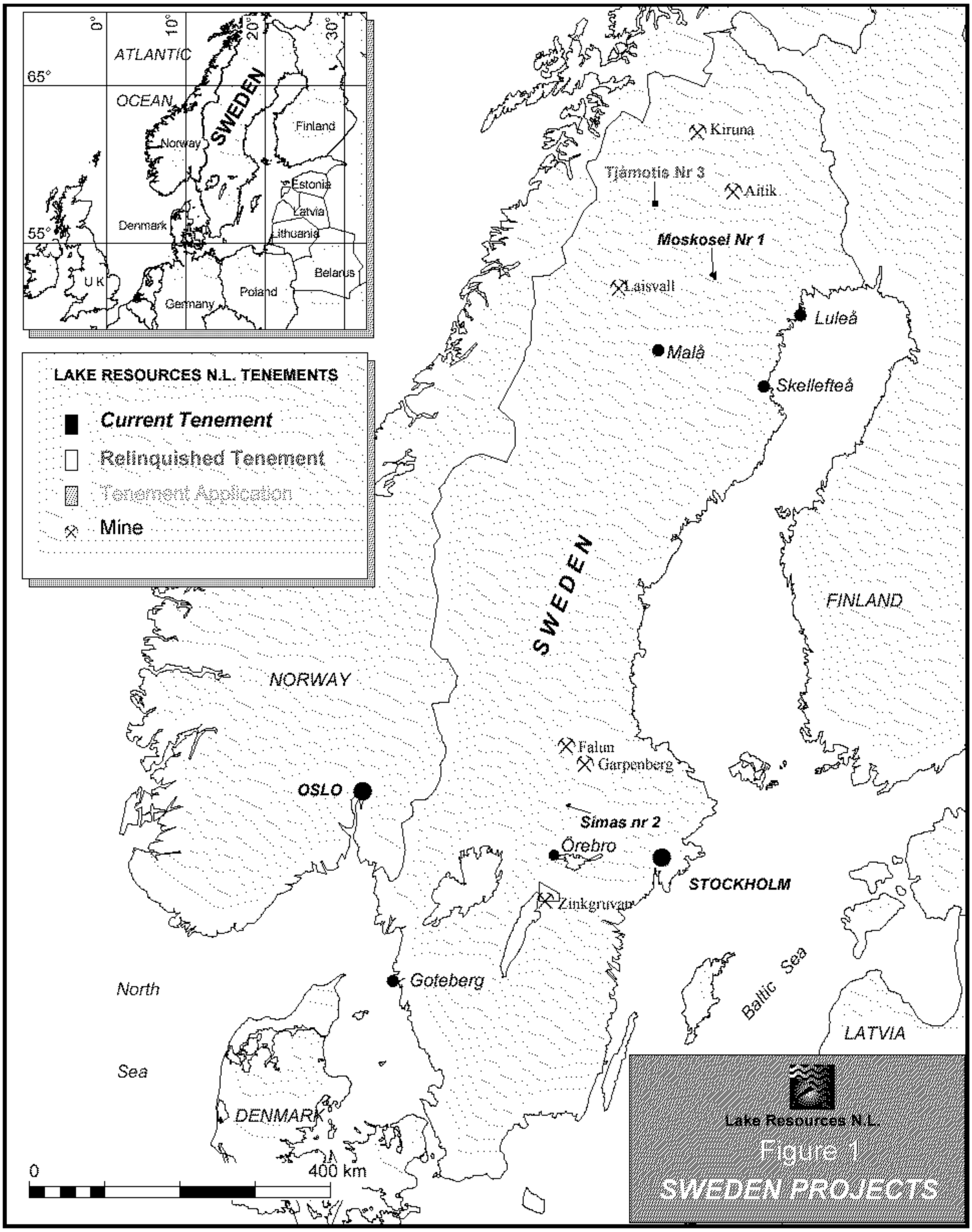
Lake Resources owns 296,736 shares in **Tethyan Copper Company Limited** (TCC). TCC has an alliance with BHP Billiton for exploration and mine development at the Reko Diq Copper Project in the Chagai District in Pakistan, where Lake is also exploring for copper and gold. On 27th April, the last sale of TCC shares on ASX was at $0.55.

Lake Resources increased its holding to 5.465 million shares in **DiamonEx Limited**, an Australian company that is exploring for diamonds in Botswana, through the acquisition of 3.465 million DiamonEx shares in exchange for 3.465 million new shares in Lake Resources, under the terms of an offer document to the shareholders of DiamonEx. DiamonEx commenced trading on the ASX on 30th March 2004 following a successful IPO that raised A$4.0 million through the issue of 20 million shares with 10 million free attached options. DiamonEx's capital structure comprises 48.625 million shares and 32.567 million options exercisable at 20 cents each before June 2006. On 27th April, the last sale of DiamonEx shares on ASX was at $0.37.

Oroplata Limited is an unlisted Australian company in which Lake Resources holds 3 million shares. During January, Oroplata exercised its pre-emptive right to acquire 100% of the Cerro Negro Gold Project in Argentina. A General Meeting of Oroplata shareholders, to approve conditional agreements with Kanowna Consolidated Gold Mines Ltd (KCGM) to advance development of the project, is scheduled for 30th April 2004. Under the agreements, Oroplata shareholders will be offered 2.05 KCGM shares for each share in Oroplata. On 27th April, the last sale of KCGM shares on the ASX was at $0.08.

SWEDEN

Since late 1999, Lake Resources has been exploring for Broken Hill-type (BHT) silver-lead-zinc deposits and iron oxide related copper-gold (IOCG) deposits in the Norrbotten District in northern Sweden and the Bergslagen District in southern Sweden (see Fig. 1).



Norrbotten Project

During the quarter, Lake Resources reduced its tenement holding with the relinquishment of the remaining tenement at **Tjämotis**. At **Moskosel**, where the target is Broken Hill-type (BHT) silver-lead-zinc deposits, the key Kvänberget area, containing outcrops of biotite and quartz-gahnite lithologies with sphalerite +/-galena, has been retained under the Moskosel Nr 1 tenement. Previous drilling at Kvänberget intersected a zinc-anomalous psammopelitic sequence up to 150 m thick that can be traced in the airborne magnetics and by rock float for more than 12 km. Efforts are continuing to attract a farm-in partner for the Moskosel Project.

Norrbotten Tenements

Tenement	Number	Area (sq km)	Lake Interest	Grant Date	Expiry Date
Moskosel Nr 1	*nr 71/2002*	*42*	*100%*	*31/07/2002*	*30/07/2005*

Bergslagen Project

In the Bergslagen District in southern Sweden, Lake Resources holds an exploration permit at **Simas** (see Fig. 1) that is prospective for iron oxide-related copper-gold (IOCG) deposits. A joint venture partner is being sought to fund further exploration.

Bergslagen Tenements

Tenement	Number	Area (sq km)	Lake Interest	Grant Date	Expiry Date
Simas Nr 2	*nr 31/2002*	*81*	*100% **	*28/03/2002*	*27/03/2005*

PAKISTAN

Chagai Project

Lake Resources is exploring for epithermal gold and porphyry copper-gold deposits in the Chagai Arc in northwest Balochistan where it holds 3 Exploration Licences (ELs) with a total area of 242 sq km. (see Fig. 2). The Amalaf EL adjoins the Saindak copper-gold mine which was recommissioned during 2003, and the Dasht-i-Gauran EL is less than 20 km west of the TCC-BHP Billiton Reko Diq Copper Project (see *Investments*).

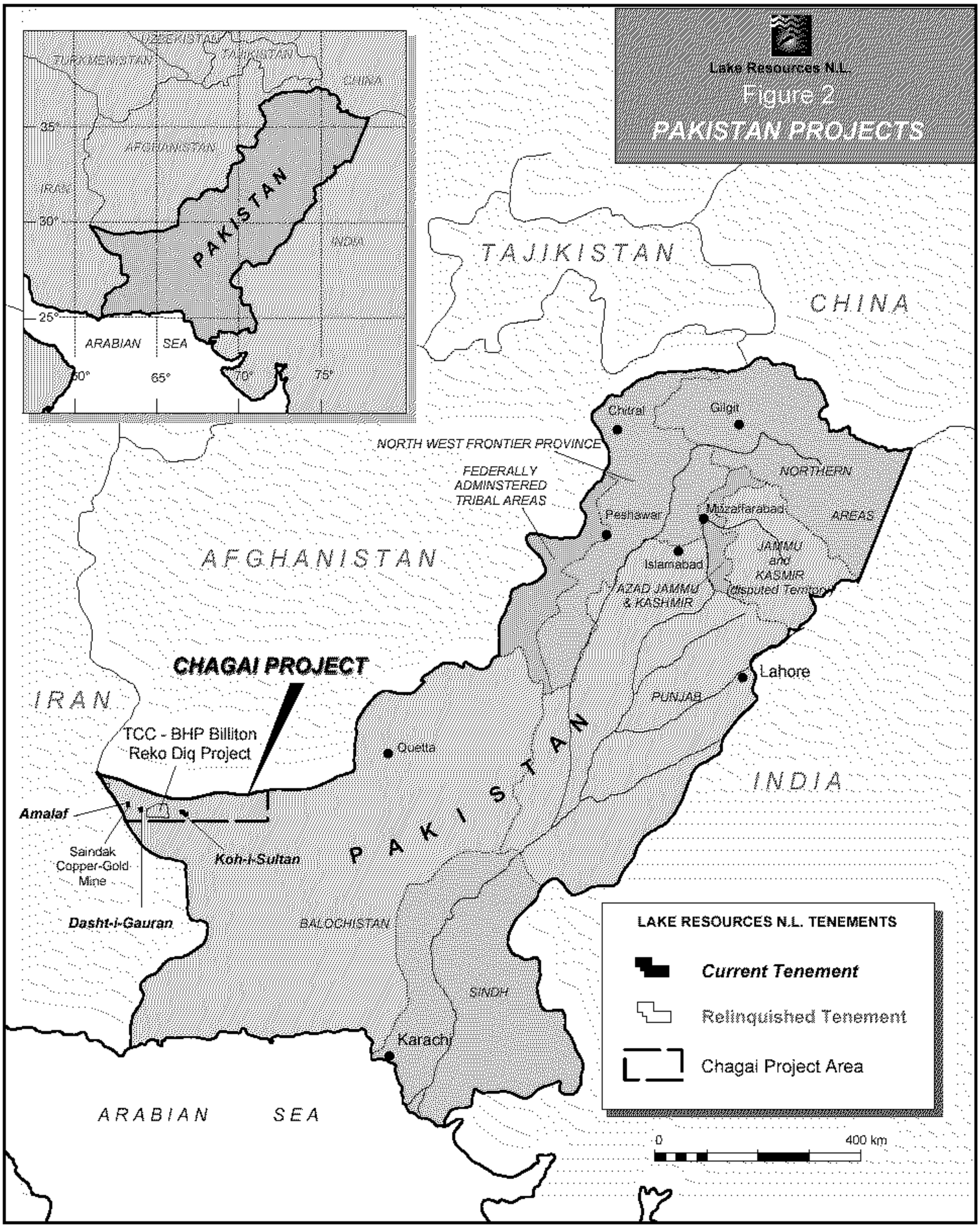
Chagai Tenements

Tenement	Number	Area (sq km)	Lake Interest	Grant Date	Expiry Date
Amalaf	*EL (1)/1059-69*	*63*	*100%*	*20/03/2000*	*19/03/2006*
Dasht-i-Gauran	*EL (3)/1048-58*	*59*	*100%*	*20/03/2000*	*19/03/2006*
Koh-i-Sultan	*EL (4)/1037-47*	*121*	*100%*	*20/03/2000*	*19/03/2006*

During March, further field work was undertaken on the Koh-i-Sultan, Dasht-i-Gauran and Amalaf tenements. The work comprised re-assessment of previously identified targets and geological reconnaissance to investigate the potential for new targets in lower priority areas. Preliminary drilling of selected targets is planned for later in 2004.

ARGENTINA

Lake is targeting porphyry copper-gold and epithermal gold-silver deposits in northern Argentina. The first phase of the project comprises photogeological interpretation of 1:100,000 scale ETM satellite images (RGB false colour and clay prediction images) to produce lithostructural maps showing the main stratigraphic units, structures and clay alteration zones from which suitable settings for hydrothermal mineralisation may be identified. To date, 12 sheet areas of a planned 24 have been completed. Priority-rated targets are scheduled for follow-up field investigations later in 2004.



INVESTMENTS

As noted in the company's Annual Reports, an important component of Lake Resources' corporate strategy is 'seed capital' investments in emerging resources sector companies. The aim of these investments is to provide exposure to additional exploration opportunities and gain leverage from 'discounted' early 'seed capital' share prices. Profits from these investments are intended for funding future exploration and investment in further 'seed capital' opportunities. Details of the Company's current investments are summarised below.

Tethyan Copper Company Ltd (TCC) and Mincor Resources N.L.

In January 2001, Lake Resources acquired an equity interest, comprising 1 million fully paid ordinary shares at A$0.10 per share and 2 million options exercisable at A$0.15 per share in the **Tethyan Copper Company Limited (TCC)**, a specialist, Asian-focused copper company. TCC was formed by ASX-listed **Mincor Resources NL (Mincor)** to house its alliance with BHP Billiton Limited to develop copper resources discovered by BHP Billiton at the Reko Diq Project in the Chagai District in Pakistan. Lake Resources is also exploring for copper and gold in this region.

During Q3/2003, pursuant to a Put and Call Option Agreement with Mincor, Lake exchanged its interest in TCC for 1 million fully paid ordinary shares in Mincor. During Q4/2003, as a result of an 'in specie' distribution of its shares in TCC by Mincor, Lake received 296,736 fully paid shares in TCC. Following a successful capital raising by TCC ($15 million at $0.30/share in a heavily oversubscribed IPO) the TCC shares were listed on the ASX on 30th October 2003.

In December 2003, TCC announced the commencement of a major program at its Reko Diq Project. The principal objectives for 2004 are to expand existing resources through further drilling, carry out a regional exploration program targeting giant Escondida-style supergene copper deposits and to progress feasibility studies on the advanced H4 Starter Project. Using three drill rigs, drilling will be divided between pure exploration, testing of known targets, and detailed resource estimation drilling.

On 27th April 2004, the last sale of Mincor shares on ASX was at $0.75 and for TCC was at $0.55.

For further information, refer to the TCC website at http://www.tethyan.com and the Mincor Resources NL website at http://www.mincor.com.au

DiamonEx Limited is a recently ASX-listed Australian company that is exploring for diamonds in the Martin's Drift and Molopo areas in Botswana. At its Molopo Project, the Company holds two Prospecting Licences covering an area of 1 480 sq km. Within the PLs, previous exploration has identified more than 50 kimberlitic intrusives, of which eight are known to contain microdiamonds. At Martin's Drift, DiamonEx holds exploration tenements with a total area of approximately 670 sq km. The tenements cover a number of diamondiferous kimberlite pipes, including a resource estimated at 13 million tonnes at a grade of 22 carats/hundred tonnes (at 1 mm cutoff).

During 2001-2002, Lake Resources acquired 2 million shares in DiamonEx. Following a capital raising of A$0.5 million in late 2002, the issued capital of DiamonEx comprised 24.6 million shares and 19.3 million options.

During Q1/2004, Lake Resources increased its holding in DiamonEx to 5.465 million shares through the acquisition of 3.465 million DiamonEx shares in exchange for 3.465 million new shares in Lake Resources, under the terms of an offer document to the shareholders of DiamonEx. Following a successful IPO that raised A$4.0 million through the issue of 20 million shares with 10 million free attached options, DiamonEx commenced trading on the ASX on 30th March 2004. DiamonEx's current capital structure comprises 48.625 million shares and 32.567 million options exercisable at 20 cents each before June 2006. On 27th April 2004, the last sale of DiamonEx shares on ASX was at $0.37.

For further information on DiamonEx, refer to the DiamonEx website at http://www.diamonex.com.au.

Oroplata Limited is an unlisted Australian company in which Lake owns 3 million shares. Under the terms of an Agreement with MIM Limited, Oroplata was earning a 49% interest in the Cerro Negro epithermal gold project in Argentina. During Q4/2003, Oroplata advised that it would exercise its pre-emptive right to acquire MIM's 51% interest in the project. Conditional agreements were entered into with Kanowna Consolidated Gold Mines Ltd (KCGM) to procure funding for Oroplata to meet its purchase obligations and to advance development of the project. Under the terms of these agreements, Oroplata shareholders will be offered KCGM shares at the ratio of 2.05 KCGM shares for each share in Oroplata.

During January 2004, Oroplata exercised its pre-emptive right to acquire 100% of the Cerro Negro Project. A General Meeting of Oroplata shareholders, to approve the conditional agreements with KCGM, is scheduled for 30th April 2004. On 27th April 2004, the last sale of KCGM shares on the ASX was at $0.08.

Contact Information

- **Office Address**

  Level 2, 183 North Quay, Brisbane, Queensland, Australia, 4000

- **Postal Address**

  GPO Box 1239, Brisbane, Queensland, Australia, 4001

- **Telephone**

  Peter Gilchrist (61) (7) 3221 5950
  Jim Clavarino (61) (7) 3220 0282

- **Fax**

  (61) (7) 3221 9338

- **E-mail**

  lakeresources@lakeresources.com.au
  gilchristp@lakeresources.com.au
  clavarinoj@lakeresources.com.au

- **Web site**

  www.lakeresources.com.au

29 April 2004

J.G. Clavarino
M AusIMM, MMICA
Exploration Director