LAKE RESOURCES N.L.

A.B.N. 49 079 471 980

QUARTERLY REPORT

JULY – SEPTEMBER 2005

SUMMARY

- **EXPLORATION**

Pakistan: Lake Resources (Lake) is exploring for porphyry copper-gold and epithermal gold deposits in the Chagai District of Balochistan, home of the Saindak porphyry copper gold mine and the Reko Diq copper-gold project of Tethyan Copper Company (see *Investments* below). Logistical preparations began for an initial program of diamond drilling on selected targets on each of Lake's three project areas.

At Koh-i-Sultan, road access upgrade work and logistics arrangements began in preparation for drill testing an extensive gold-bearing breccia and alteration system in the Miri area. Diamond drilling is scheduled to commence in October.

Similar preparations also commenced for drill-test outcropping quartz vein stockwork on the eastern part of Lake's Dasht-i-Gauran project area and for magnetic anomaly and alteration-related targets in Sulphide Valley at Lake's Amalaf project north of the Saindak Mine.

Argentina: Field work was suspended for the winter season in northern Argentina. Data evaluation for third-party properties continued.

- **'SEED CAPITAL' INVESTMENTS**

Lake Resources has 'seed capital' investments in a number of resources sector companies. Profits from these investments will be used to fund future exploration and new 'seed capital' investments.

Following the liquidation of significant percentages of its investments during previous quarters, Lake undertook no further sales or purchases during the September quarter.

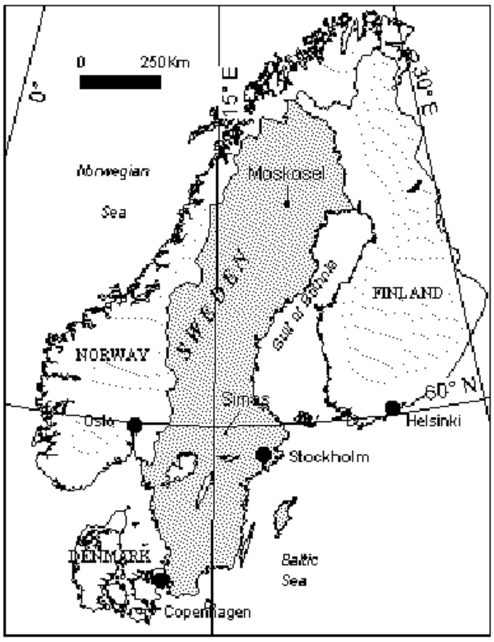
Lake's current seed capital holdings comprise 240,000 shares in ASX-listed companies ***Mincor Resources NL***, 100,000 shares in ***Tethyan Copper Company Limited*** (TCC), and 650,00 shares in ***DiamonEx Limited***.

Mincor is a Western Australian nickel producer. 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 gold and copper. DiamonEx is an Australian company that is exploring for diamonds in Botswana.

- **CASH POSITION**

At the end of the September Quarter, Lake Resources had in excess of A$2.3 million on deposit.

EXPLORATION



SWEDEN

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

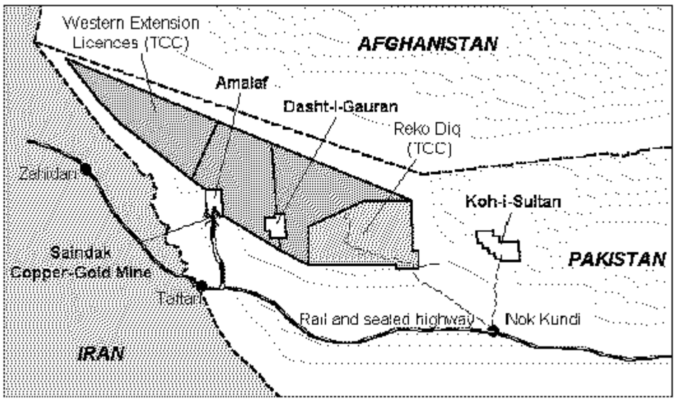
During the past 12 months Lake sought joint venture partners for its remaining projects at Simas and Moskosel but without success.

The tenements expired in March and July 2005 and no further exploration is contemplated at this stage.

The company does however retain an extensive database that could facilitate exploration for gold and basemetals at a future date.

PAKISTAN

Since 1998, Lake Resources has been exploring for gold and copper deposits in the Chagai region in northwest Balochistan. Important mineral deposits in the area include the Saindak copper-gold mine, and the TCC-BHP Billiton Reko Diq Copper Project (see **Investments** section). Lake's exploration has advanced to the point where drill targets have been identified on each of Lake's three project areas and an Australian company has been contracted to undertake the drilling.

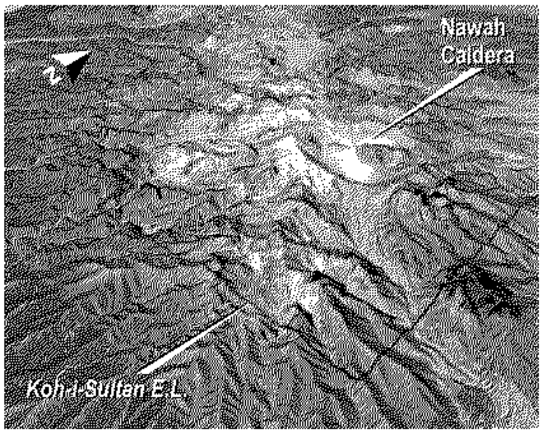


Pakistan Tenements

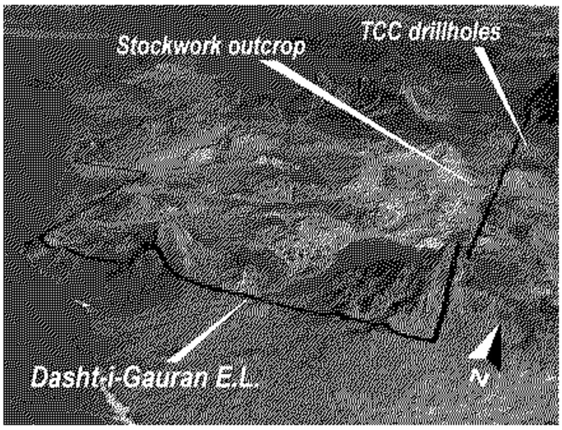
Tenement	Number	Area (sq km)	Lake Interest	Grant Date	Expiry Date
Amalaf	*EL (1)/1059-69*	*63*	*100%*	*20/03/2000*	*19/03/2006*
Dasht-i-Gauran	*EL (3)/1048-58*	*59*	*100%*	*20/03/2000*	*19/03/2006*
Koh-i-Sultan	*EL (4)/1037-47*	*121*	*100%*	*20/03/2000*	*19/03/2006*

At **Koh-i-Sultan**, road access upgrade work and logistics arrangements began in preparation for drill-testing an extensive gold-bearing breccia and alteration system in the Miri area.

Diamond drilling is scheduled to commence in October.



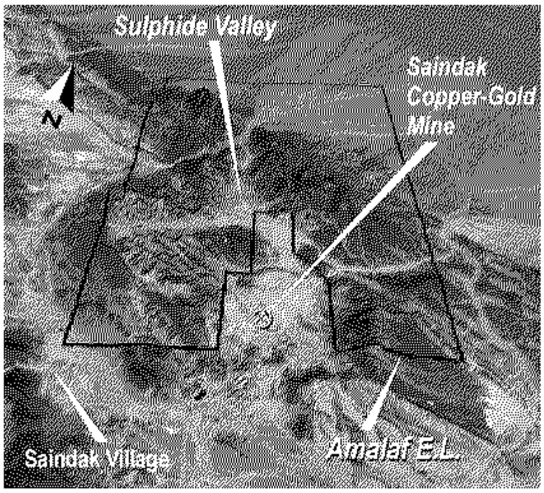
***Koh-i-Sultan:** Aerial view of project area.*



Road access upgrade work and logistics arrangements began in preparation for drill-testing outcropping quartz vein stockwork on the eastern part of Lake's **Dasht-i-Gauran Project** area adjacent to the Sor Baroot Prospect where TCC previously reported "..very encouraging copper and gold intersections."

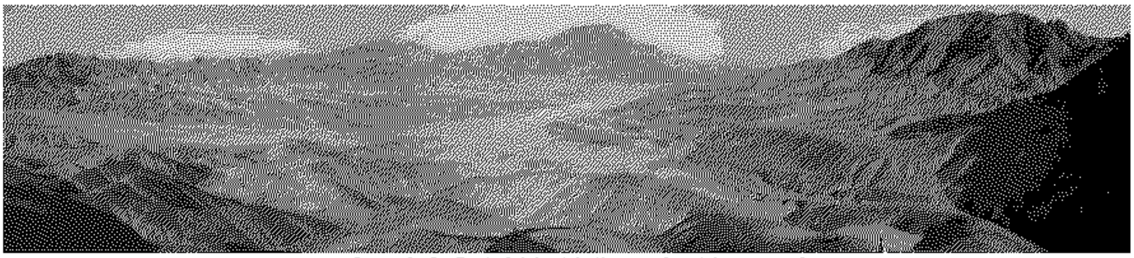
Drilling is scheduled to commence in October.

<-Dasht-i-Gauran: *Aerial view of project area.*

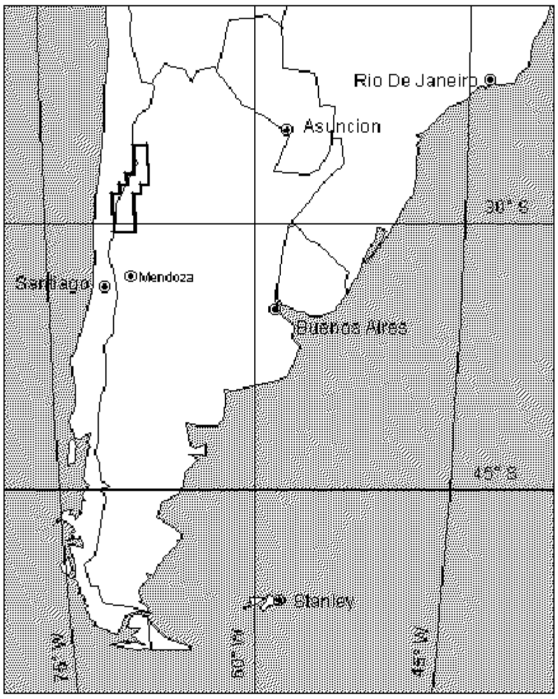


Similar preparations also commenced for drill-testing alteration-related targets in Sulphide Valley at Lake's **Amalaf Project** north of the Saindak Mine.

Amalaf: *Aerial view of project area->.*



Amalaf: *Sulphide Valley – looking north.*



ARGENTINA

Lake Resources is undertaking regional exploration in northern **Argentina,** an area considered highly prospective for porphyry copper-gold and epithermal gold-silver deposits.

Significant mineral deposits in the region include Bajo de la Alumbrera, and Barrick's recently-developed Veladero gold-silver mine.

During the September quarter, field work was suspended for the winter season in northern Argentina. Data evaluation for third-party properties continued.

INVESTMENTS

'Seed Capital' investments in emerging resources sector companies is an important component of Lake Resources' business strategy. Profits from these investments will be used to fund future exploration and new 'seed capital' investments.

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

- **CASH POSITION**

At the end of the September Quarter, Lake Resources had in excess of A$2.3 million on deposit.

3 October 2005

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