LAKE RESOURCES N.L.

ABN 49 079 471 980

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2005

CONTENTS

LAKE RESOURCES NL

ABN 49 079 471 980

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the half-year ended 31 December 2005.

DIRECTORS

The names of Directors who held office during or since the end of the half-year:

Peter J. Gilchrist
James G. Clavarino
Ross Johnston
Kenneth J Foots (resigned 29-8-05)

REVIEW OF OPERATIONS

The consolidated operating loss after applicable income tax for the half-year to 31 December 2005 was $67,583 (2004: Profit $257,007). Refer also to the Quarterly Reports released by the company for the periods July to September 2005 and October to December 2005.

The result last year was affected by a profit of $347,622 on the sale of investments that had been held to fund future exploration activities.

PAKISTAN TENEMENT RENEWAL

The Pakistan exploration tenements are due for their second renewal for a three year period on 19 March 2006. The company's directors believe that the company has met all the requirements for second renewal in accordance with the Pakistan Government's National Mineral Policy 1995 and are confident that these tenements will be renewed for a further three years to 19 March 2009.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note1(e) of this report.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Robertsons Chartered Accountants, which is enclosed in this half year financial report.

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

P J Gilchrist
Director

Dated: 13 March 2006

LAKE RESOURCES NL

ABN 49 079 471 980

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	2005	2004
	$	$
Revenue	71,382	381,533
Classification of Expenses by Function:		
Administrative costs	(25,719)	(69,318)
Corporate costs	(80,018)	(37,976)
Occupancy costs	(20,732)	(17,232)
Other expenses from ordinary activities	(12,496)	-
Profit/(Loss) before income tax	(67,583)	257,007
Income tax expense	-	-
Net profit/(loss) after income tax	(67,583)	257,007
Net profit/(loss) attributable to members of parent	(67,583)	257,007
	Cents	Cents
Basic earnings per share	(0.26)	1.00
Diluted earnings per share	(0.26)	1.00

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
ABN 49 079 471 980

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Consolidated	
	31 December 2005 $	30 June 2005 $
CURRENT ASSETS		
Cash and cash equivalents	2,236,731	2,369,841
Trade and other receivables	15,139	41,292
Other	29,807	18,175
Available for sale financial assets	214,250	-
TOTAL CURRENT ASSETS	2,495,927	2,429,308
NON-CURRENT ASSETS		
Available for sale financial assets	-	318,400
Property, plant and equipment	50,218	57,660
Exploration and evaluation properties	2,392,232	2,120,532
TOTAL NON-CURRENT ASSETS	2,442,450	2,496,592
TOTAL ASSETS	4,938,377	4,925,900
CURRENT LIABILITIES		
Trade and other payables	53,955	40,145
TOTAL CURRENT LIABILITIES	53,955	40,145
TOTAL LIABILITIES	53,955	40,145
NET ASSETS	4,884,422	4,885,755
EQUITY		
Issued capital	5,741,350	5,741,350
Reserves	1,117,859	1,051,609
Accumulated losses	(1,974,787)	(1,907,204)
TOTAL EQUITY	4,884,422	4,885,755

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Consolidated	Issued Capital	Asset Revaluation Reserve	Financial Assets Revaluation Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance 1 July 2004	5,741,350	1,051,609	-	(1,894,124)	4,898,835
Net profit/(loss) for period	-	-	-	257,007	257,007
Other changes	-	-	-	-	-
Balance 31 December 2004	5,741,350	1,051,609	-	(1,637,117)	5,155,842
Balance 1 July 2005	5,741,350	1,051,609	-	(1,907,204)	4,885,755
Net profit/(loss) for period	-	-	-	(67,583)	(67,583)
Net gain on available for sale financial assets	-	-	66,250	-	66,250
Balance 31 December 2005	5,741,350	1,051,609	66,250	(1,974,787)	4,884,422

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	31 December 2005 $	31 December 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(362,396)	(265,678)
Interest received	69,582	18,911
Dividend received	1,800	15,000
Net cash provided by (used in) operating activities	(291,014)	(231,767)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	-	(6,216)
Proceeds from sale of investments	157,904	1,479,048
Net cash provided by (used in) investing activities	157,904	1,472,832
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash held	(133,110)	1,241,065
Cash at start of period	2,369,841	491,773
Cash at end of period	2,236,731	1,732,838

The accompanying notes form part of these financial statements.

1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Lake Resources N.L. as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ("AGAAP").

It is also recommended that the half-year financial report be considered together with any public announcements made by Lake Resources N.L. during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) **Basis of accounting**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Accounting Standards, including AASB134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars.

b) **Statement of compliance**

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half year ended 31 December 2004 and full year ended 30 June 2005 have been restated accordingly.

Reconciliations of AIFRS equity and profit for 31 December 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note (c) below.

c) **Summary of significant accounting policies**

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Lake Resources N.L. and its subsidiary ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Lake Resources N.L. has control.

(ii) Foreign currency translation

Both the functional and presentation currency of Lake Resources N.L. and its subsidiary is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the overseas subsidiary is translated into the presentation currency of Lake Resources N.L. at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

c) **Summary of significant accounting policies (continued)**

(ii) Foreign currency translation (cont'd)

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(iii) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement in the cost of sales line item.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

c) Summary of significant accounting policies (continued)

(iii) Property, plant and equipment (cont'd)
Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

(iv) Borrowing costs
Borrowing costs are recognised as an expense when incurred.

(v) Exploration and Evaluation Expenditure
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are written off as incurred, except that they may be carried forward, provided that rights to tenure of an area of interest are correct and the costs are expected to be recouped through the successful development of the area, or sale, or activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area of interest.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward that area of interest.

Restoration Costs:
The company has no obligations for any restoration costs in relation to discontinued operations, nor is it liable for any future restoration costs in relation to current areas of interest, as the evaluation activity undertaken results in minimal disturbance to the areas in question. Consequently, no provision for restoration has been deemed necessary.

c) **Summary of significant accounting policies (continued)**

(vi) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(vii) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

c) Summary of significant accounting policies (continued)

(vii) Investments (cont'd)
For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

(viii) Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(ix) Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for uncollectible amounts.

(x) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xi) Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(xii) Revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable periods.

Dividend revenue is recognised when the right to receive the dividend has been established.

c) **Summary of significant accounting policies (continued)**

(xii) Revenue (cont'd)

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(xiii) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

c) Summary of significant accounting policies (continued)

(xiv) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.
Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xv) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Instruments at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

d) **AASB 1: Transitional exemptions**
The Group has made its election in relation to the transitional exemptions allowed by AASB1: First-time Adoption of Australian Equivalents to International Reporting Standards as follows:

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
The Group has not elected to adopt this exemption and has applied AASB 132: "Financial Instruments: Presentation and Disclosure" and AASB 139: "Financial Instruments: Recognition and Measurement" to its comparative information.

e) **Impact of adoption of AIFRS**
The impacts of adopting AIFRS on the total equity and profit after tax as reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") are illustrated below.

(i) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	Consolidated		
	30 June 2005	*31 Dec 2004*	*1July 2004*
Total equity under previous AGAAP	4,885,755	5,155,842	4,898,835
Adjustments to retained earnings (net of tax):	-	-	-
Adjustments to other reserves (net of tax)	-	-	-
Total equity under AIFRS	4,855,755	5,155,842	4,898,835

(ii) Reconciliation of profit before tax under previous AGAAP to that under AIFRS

	Consolidated	
	30 June 2005	*31 Dec 2004*
Profit/(loss) after tax as previously reported	(13,080)	257,007
AIFRS adjustments	-	-
Profit/(loss) after tax under AIFRS	(13,080)	257,007

(iii) Explanation of material adjustments to the Cash Flow Statement
There are no material differences between the Cash Flow Statement presented under AIFRS and the Cash Flow Statement presented under previous AGAAP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	31 December 2005 $	31 December 2004 $
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES		
Operating activities:		
Interest received from other parties	69,582	18,911
Dividend received from other corporations	1,800	15,000
	71,382	33,911
Non-operating activities:		
Profit on sale of investments	-	347,622
Total revenue	71,382	381,533

NOTE 3: PROFIT/(LOSS FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax has been determined after:		
Depreciation of non-current assets	7,442	3,406
Foreign translation losses	-	1,087
Loss on sale of non-current investments	(12,495)	-

NOTE 4: CONTINGENT LIABILITIES

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

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2005, 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.

NOTE 6: SEGMENT INFORMATION

Primary Reporting - Geographic Segments

	Australia		Sweden		Argentina		Pakistan		Economic Entity	
	31 December		31 December		31 December		31 December		31 December	
	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $	2005 $	2004 $
Sales revenue	-	-	-	-	-	-	-	-	-	-
Total segment revenue	71,382	381,533	-	-	-	-	-	-	71,382	381,533
Revenue from ordinary activities	71,382	381,533	-	-	-	-	-	-	71,382	381,533
Segment Result	(67,583)	257,007	-	-	-	-	-	-	(67,583)	257,007
Profit/(Loss) from ordinary activities before income tax expense	(67,583)	257,007	-	-	-	-	-	-	(67,583)	257,007

NOTE 7: PAKISTAN TENEMENT RENEWAL

The Pakistan exploration tenements are due for their second renewal for a three year period on 19 March 2006. The company's directors believe that the company has met all the requirements for second renewal in accordance with the Pakistan Government's National Mineral Policy 1995 and are confident that these tenements will be renewed for a further three years to 19 March 2009.

LAKE RESOURCES NL
ABN 49 079 471 980

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The attached financial statements and notes:

   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the economic entity's financial position as at 31 December 2005 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: 13 March 2006

ROBERTSONS
CHARTERED ACCOUNTANTS
A.B.N. 98 477 136 937

INDEPENDENT REVIEW REPORT

To members of Lake Resources NL

Scope

The financial report and directors' responsibility

The financial report for the period ended 31 December 2005 comprises the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration, for the consolidated entity comprising both Lake Resources NL (the company) and the entities it controlled during the half-year.

The directors of the company are responsible for the preparation of a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is attached to the financial report.

Level 4, 127 Creek Street, Brisbane, Qld. 4000, GPO Box 1189, Brisbane, Qld. 4001.
Telephone: (07) 3229 2022 Facsimile: (07) 3229 3277 Email: email@robertsons.net.au

INDEPENDENT REVIEW REPORT (continued)

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Lake Resources NL and the entities it controlled during the half-year is not in accordance with:

(a) the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2005 and of its 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*; and

(b) other mandatory financial reporting requirements in Australia.

Robertsons
Chartered Accountants

A W Thomas
Partner

Date: 13 March 2006

ROBERTSONS
CHARTERED ACCOUNTANTS
A.B.N. 98 477 136 937

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 2005 there have been:

(i) no contraventions of 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.

Robertsons

ROBERTSONS
Chartered Accountants

A W THOMAS
Partner

Date: 13 March 2006