LAKE RESOURCES N.L.

A.B.N. 49 079 471 980

QUARTERLY REPORT

JANUARY – MARCH 2006

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).

During the quarter, each of Lake Resources' three Exploration Licences was renewed over a reduced area (approx. 50%) for a further period of three years by the Directorate of Mines and Minerals, Balochistan.

At Koh-i-Sultan, road access upgrade work and logistics arrangements were commenced in preparation for a second round of drilling to follow-up on the extensive gold mineralisation intersected in drillhole LRM-01 in the previous quarter.

Argentina: Field work was not undertaken during the March quarter but will be resumed in the next quarter.

'SEED CAPITAL' INVESTMENTS

An important component of Lake Resources' corporate strategy is 'seed capital' investments in emerging resources sector companies. Profits from these investments are used to fund further exploration and new 'seed capital' investments. Lake's current seed capital holdings comprise of:

- 100,000 shares in ***Tethyan Copper Company Limited*** (TCC) which 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. TCC is the subject of a takeover bid by Antofagasta PLC at $1.40 cash for each share in TCC. Acceptance of the Antofagasta offer has been formally recommended by TCC's board, and Lake Resources intends to accept the offer.
- 650,00 shares in ***DiamonEx Limited***, an Australian company that is exploring for diamonds in Botswana. These shares were released from escrow on 31 March 2006.

- **CASH POSITION**

At the end of the March 2006 Quarter, Lake Resources had A$2.048 million net cash on hand.

EXPLORATION

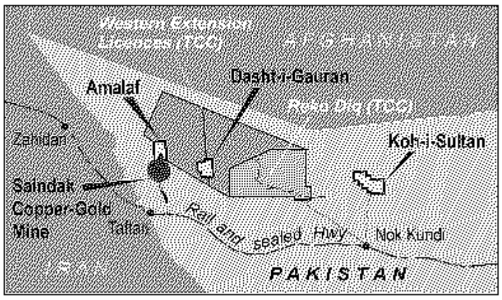
PAKISTAN

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).

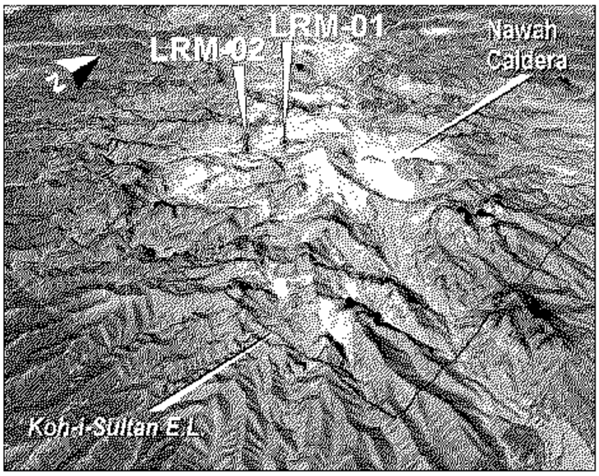
Lake Resources holds three Exploration Licences in the Chagai region. During the quarter, each of the Exploration Licences was renewed over a reduced area (approx. 50%) for a further period of three years by the Directorate of Mines and Minerals, Balochistan (See Table 1).

Table 1: Balochistan Tenements

Tenement	Amalaf	Dasht-i-Gauran	Koh-i-Sultan
EL Number	(1)/1059-69	(3)/1048-58	(4)/1037-47
Area (sq km)	29	27	56
Lake Interest	100%	100%	100%
Grant Date	20/03/2000	20/03/2000	20/03/2000
Expiry Date	19/03/2009	19/03/2009	19/03/2009



At **Koh-i-Sultan**, road access upgrade work and logistics arrangements were commenced in preparation for a second round of drilling to follow-up on the extensive gold mineralisation intersected in drillhole LRM-01 in the December 2005 quarter.

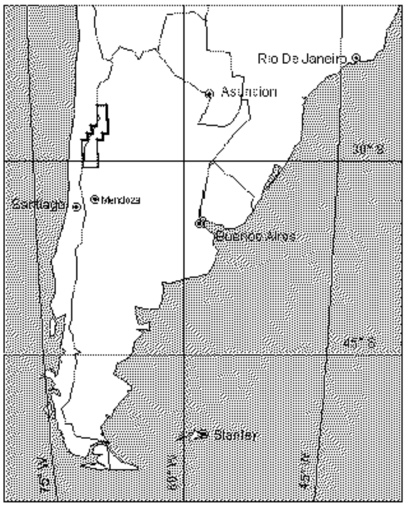


Located on the western margin of an extensive high-sulphidation epithermal system, LRM-01, the first hole ever drilled to test this target, intersected significant copper and gold:

- 3 - 12m, 9m @ 0.29 g/t Au & 1.63% Cu;
- 12 - 18m, 6m @ 1.14 g/t Au & 0.25% Cu;
- 18 - 87m, 69m @ 0.55 g/t Au & 0.03% Cu (includes 36-60m, 24m @ 1.05 g/t Au);
- 129 -140m, 11m @ 0.60 g/t Au & 0.02% Cu.

The hole terminated at 140m in continuing gold mineralisation. Because of the extensive size of the target (approaching 7 sq km in area), and the drillhole's location on the margin of the target zone, these results are considered highly encouraging

Timing of the proposed follow-up drilling is dependent on completion of the access works and drill rig availability



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.

No field work was undertaken during the March 2006 Quarter.

However further further reconnaissance exploration is planned to resume in the next quarter.

INVESTMENTS

An important component of Lake Resources' corporate strategy is 'seed capital' investments in emerging resources sector companies. Profits from these investments are used to fund further exploration and new 'seed capital' investments. Lake's current seed capital holdings comprise of:

- 100,000 shares in ***Tethyan Copper Company Limited*** (TCC) which has an alliance with BHP Billiton for exploration and mine development at the Reko Diq copper-gold project in the Chagai District in Pakistan, where Lake is also exploring for gold and copper. In December 2005, TCC announced an agreement with Antofagasta plc, one of the World's leading copper producers, to create a 50:50 joint venture for the development of the Reko Diq Project. In February TCC and Antofagasta terminated the Joint Venture proposal and announced the following agreements:
  - *A recommended takeover offer of $1.20 per share (subsequently increased to $1.40) for the entire issued capital of TCC.*
  - *The right by Antofagasta to extinguish or acquire BHP-Billiton's "Claw-Back Right" in certain of TCC's mineral properties for a consideration of US$60 million.*
  - *Antofagasta and Barrick Gold Corporation to establish a 50:50 Joint Venture in respect of TCC's mineral interests in Pakistan, and Barrick to reimburse Antofagasta for 50% of the acquisition cost of TCC and the Claw-Back Right.*

  Acceptance of the Antofagasta takeover offer has been formally recommended by TCC's board, and Lake Resources intends to accept the offer.
- 650,00 shares in ***DiamonEx Limited***, an Australian company that is exploring for diamonds in Botswana. These shares were released from escrow on 31 March 2006.

For further information, refer to 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 March 2006 Quarter, Lake Resources had A$2.048 million net cash on hand.

20 April 2006

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CONTACT INFORMATION

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Share Registry

Lake Resources' share registry is managed by **ASX Perpetual Registrars**.

Shareholder matters including change of address should be directed to:

ASX Perpetual Registrars
Level 22, 300 Queen Street
Brisbane Qld 4000

Phone: (07) 3228 4000
Fax: (07) 3221 6420

http://www.asxperpetual.com.au