LAKE RESOURCES N.L.

A.B.N. 49 079 471 980

QUARTERLY REPORT OCTOBER–DECEMBER 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 Antofagasta PLC and Barrick Gold Corporation.

At Koh-i-Sultan, Lake is exploring an extensive system of intensely altered volcanics on the margin of an extinct volcanic caldera. The system is considered to have potential to host a world-class multi-million ounce epithermal gold deposit—previous exploration by Lake has identified widespread gold in rocks and stream sediments associated with the alteration system and strong gold mineralisation was intersected in drillhole LRM-01 on the western margin of the system in late 2005. During the December quarter, a 309-sample program of rock geochemical sampling on a 200 m grid was completed over an extensive area covering the main Miri and associated alteration zones—results are expected in February. The objective of the program was to provide detailed data on the distribution of gold in the alteration zones and to refine targets for a 3,000 m diamond drilling program scheduled for later in 2007.

At Amalaf, north of the Saindak mine, a 50-hole shallow percussion drilling program is planned for mid 2007 to follow up on the intersection of porphyry-type copper-molybdenum mineralisation in drillhole LRJJ-02 in October 2005. The objective of the program is test altered rocks beneath an extensive leached cap for deposits of copper-gold-molybdenum that could be cheaply mined and sold to the Saindak mine, situated only 5 km to the south.

Argentina: No field work was undertaken during the quarter.

SEED CAPITAL INVESTMENTS

Further seed capital investment opportunities are being sought.

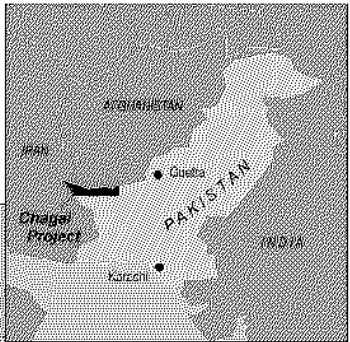
CASH POSITION

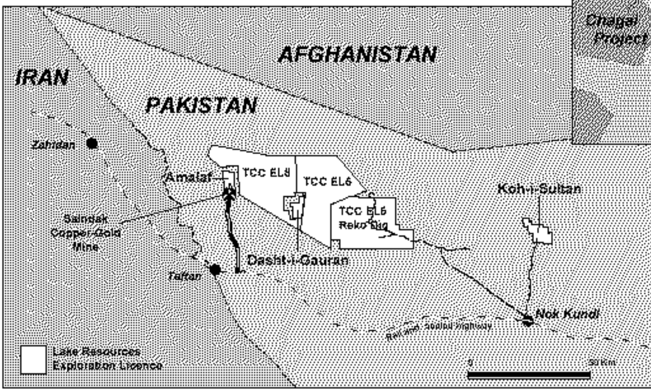
At the end of the December 2006 Quarter, Lake Resources had A$2.108 million net cash on hand.

EXPLORATION

PAKISTAN

Lake Resources has been exploring for gold and copper in the Chagai region in northwest Balochistan since 1998. Important mineral deposits in the area include the Saindak copper-gold mine, and Reko Diq copper-gold project of Antofagasta PLC and Barrick Gold Corporation.

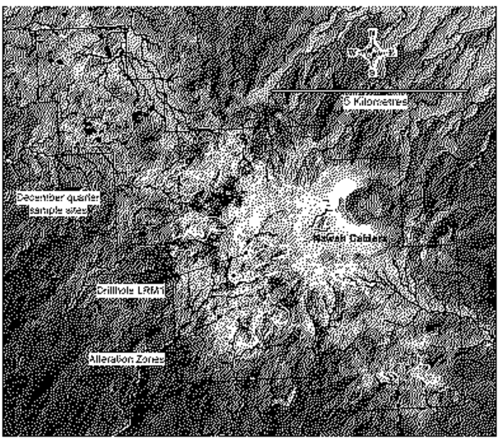




The company holds three Exploration Licences — details are set out in Table 1 below.

Table 1: Balochistan Tenements

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



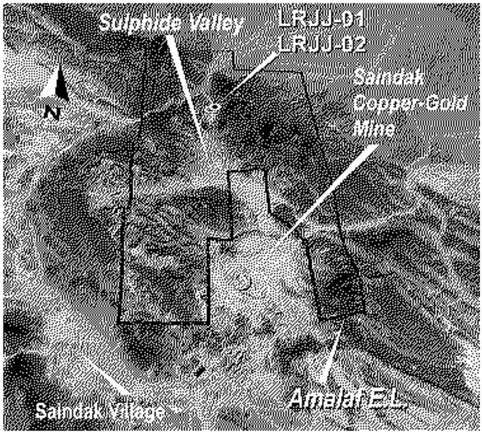
At **Koh-i-Sultan**, Lake is exploring an extensive system of intensely altered volcanics on the margin of an extinct volcanic caldera.

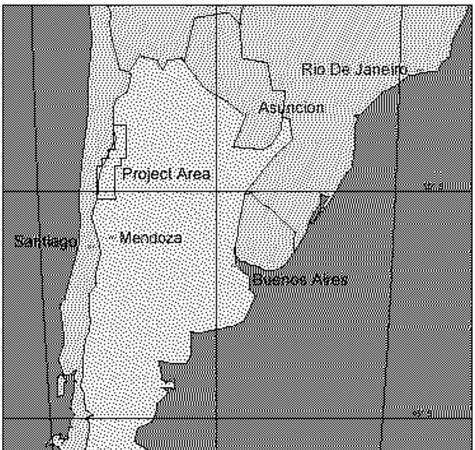
The system is considered to have potential to host a world-class multi-million ounce epithermal gold deposit. Previous exploration by Lake has identified widespread gold in rocks and stream sediments and in October 2005, strong gold & copper mineralisation was intersected in drillhole LRM-01 on the western margin of the system. The hole terminated at 140m in continuing gold mineralisation.

During the December 2006 quarter, a 309-sample program of rock geochemical sampling on a 200 m grid was completed over an extensive area covering the main Miri and associated alteration zones. The results of the sampling, expected during February 2007, should provide more detailed data on the distribution of gold in the alteration zones and help to refine targets for drilling. A 3,000 m diamond drilling program is scheduled for later in 2007. High resolution (2.5 m) stereoscopic satellite images have been ordered to enable preparation of a detailed Digital Elevation Model (DEM) and topographic contour map to assist with planning for the drilling.

At **Amalaf**, north of the Saindak mine, a 50-hole shallow percussion drilling program is planned for mid 2007 to follow up on the intersection of porphyry-type copper-molybdenum mineralisation in drillhole LRJJ-02 in October 2005.

The objective of the program is test altered rocks beneath an extensive leached cap for deposits of copper-gold-molybdenum that could be cheaply mined and sold to the Saindak mine, situated only 5 km to the south.





ARGENTINA

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

No field work was undertaken during the December 2006 Quarter.

INVESTMENTS

An important component of Lake Resources' corporate strategy is 'seed capital' investments in emerging resources sector companies. Following the profitable liquidation of previous investments, further seed capital investment opportunities are being sought.

CASH POSITION

At the end of the December 2006 Quarter, Lake Resources had A$2.108 million net cash on hand.

31 January 2007

J.G. Clavarino (M AusIMM, MMICA)
Exploration Director

CONTACT INFORMATION

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Share Registry

Lake Resources' share registry is managed by **Link Market Services** (formerly ASX Perpetual Registrars).

Shareholder matters including changes of address should be directed to:

Link Market Services, P.O. Box 20013, World Square, NSW 2000
Investor Information Services, Phone: (02) 8280 7454.