LAKE RESOURCES N.L.

ABN 49 079 471 980

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2006

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LAKE RESOURCES NL
ABN 49 079 471 980

DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half-year ended 31 December 2006.

DIRECTORS

The names of Directors who held office during or since the end of the half-year and to the date of this report are:

Peter J. Gilchrist
James C. Clavarino
Ross Johnston

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating loss after applicable income tax for the half-year to 31 December 2006 was $94,267 (2005: Loss $67,583). Refer also to the Quarterly Reports released by the company for the periods July to September 2006 and October to December 2006.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2006 has been received and is located in this financial report.

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

P J Gilchrist
Director

Dated: 13 March 2007

LAKE RESOURCES NL

ABN 49 079 471 980

INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $	31 December 2005 $
Revenue	69,550	71,382
Classification of Expenses by Function:		
Administrative costs	(69,808)	(25,719)
Corporate costs	(79,952)	(80,018)
Occupancy costs	(14,057)	(20,732)
Other expenses	-	(12,496)
Profit/(Loss) before income tax	(94,267)	(67,583)
Income tax expense	-	-
Net profit/(loss) from continuing operations	(94,267)	(67,583)
Profit/(loss) attributable to members of the company	(94,267)	(67,583)
Basic earnings per share (cents per share)	(0.37)	(0.26)
Diluted earnings per share (cents per share)	(0.37)	(0.26)

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

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BALANCE SHEET
AS AT 31 DECEMBER 2006

	31 December 2006 $	30 June 2006 $
CURRENT ASSETS		
Cash and cash equivalents	2,145,638	2,330,716
Trade and other receivables	5,400	4,155
Other current assets	13,886	11,442
Total Current Assets	2,164,924	2,346,313
NON-CURRENT ASSETS		
Property, plant and equipment	41,572	51,856
Exploration and evaluation expenditure	2,483,713	2,403,937
Total Non-Current Assets	2,525,285	2,455,793
TOTAL ASSETS	4,690,209	4,802,106
CURRENT LIABILITIES		
Trade and other payables	4,000	22,080
Total Current Liabilities	4,000	22,080
NON-CURRENT LIABILITIES		
Provisions	30,450	30,000
Total Non-Current Liabilities	30,450	30,000
TOTAL LIABILITIES	34,450	52,080
NET ASSETS	4,655,759	4,750,026
EQUITY		
Issued capital	5,741,350	5,741,350
Reserves	1,051,609	1,051,609
Accumulated losses	(2,137,200)	(2,042,933)
TOTAL EQUITY	4,655,759	4,750,026

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Issued Capital	Capital Profits Reserve	Asset Revaluation Reserve	Financial Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$	$	$	$
Balance 1 July 2005	5,741,350	4,997	1,046,612	-	(1,907,204)	4,885,755
Revaluation increment	-	-	-	66,250	-	66,250
Net profit/(loss) for period	-	-	-	-	(67,583)	(67,583)
Subtotal	5,741,350	4,997	1,046,612	66,250	(1,974,787)	4,818,172
Dividends paid or provided for	-	-	-	-	-	-
Balance 31 December 2005	5,741,350	4,997	1,046,612	66,250	(1,974,787)	4,884,422
Balance 1 July 2006	5,741,350	4,997	1,046,612	-	(2,042,933)	4,750,026
Net profit/(loss) for period	-	-	-	-	(94,267)	(94,267)
Subtotal	5,741,350	4,997	1,046,612	-	(2,137,200)	4,655,759
Dividends paid or provided for	-	-	-	-	-	-
Balance 31 December 2006	5,741,350	4,997	1,046,612	-	(2,137,200)	4,655,759

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

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CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $	31 December 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(253,980)	(362,396)
Interest received	58,999	69,582
Dividend received	10,551	1,800
Net cash provided by (used in) operating activities	(184,430)	(291,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(648)	-
Proceeds from sale of investments	-	157,904
Net cash provided by (used in) investing activities	(648)	157,904
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by (used in) financing activities	-	-
Net increase (decrease) in cash held	(185,078)	(133,110)
Cash at start of period	2,330,716	2,369,841
Cash at end of period	2,145,638	2,236,731

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 December 2006 $	31 December 2005 $

NOTE 1: REPORTING ENTITY

Lake Resources NL (the "Company") is a company domiciled in Australia. The interim financial report of the Company covers the period as at and for the six months ended 31 December 2006.

NOTE 2: STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the company as at and for the year ended 30 June 2006.

This interim financial report was approved by the Board of Directors on 13 March 2007.

The annual financial report of the company as at and for the year ended 30 June 2006 is available upon request from the Company's registered office.

NOTE 3: REVENUE FROM ORDINARY ACTIVITIES

Operating activities:

	31 December 2006 $	31 December 2005 $
Interest received from other parties	58,999	69,582
Dividend received from other corporations	10,551	1,800
Total revenue	69,550	71,382

NOTE 4: PROFIT/(LOSS) FOR THE HALF YEAR

Profit/(loss) from ordinary activities before income tax has been determined after:

	31 December 2006 $	31 December 2005 $
Profit/(Loss) on sale of non-current investments	-	(12,495)

NOTE 5: CONTINGENT LIABILITIES

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

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2006, 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 7: SEGMENT INFORMATION

Primary Reporting - Geographic Segments

	Australia		Argentina		Pakistan		Economic Entity	
	31 December		31 December		31 December		31 December	
	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $	2006 $	2005 $
Sales revenue	69,550	71,382	-	-	-	-	69,550	71,382
Total segment revenue	-	-	-	-	-	-	-	-
Revenue from ordinary activities	69,550	71,382	-	-	-	-	69,550	71,382
Segment Result	(94,267)	(67,583)	-	-	-	-	(94,267)	(67,583)
Income tax expense	-	-	-	-	-	-	-	-
Loss after income tax expense	(94,267)	(67,583)	-	-	-	-	(94,267)	(67,583)

LAKE RESOURCES NL
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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The 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 company's financial position as at 31 December 2006 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 2007

ROBERTSONS
AUDIT & ASSURANCE PTY LTD
A.B.N. 49 115 261 722

Independent review report to members of Lake Resources NL

Report on the Financial Report
We have reviewed the accompanying half-year financial report of Lake Resources NL , which comprises the balance sheet as at 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report
The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lake Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Lake Resources NL on 13 March 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

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Independent review report to members of Lake Resources NL (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lake Resources NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Robertsons Audit & Assurance Pty Ltd.

Robertsons Audit & Assurance Pty Ltd

AM Robertson
Director

Brisbane
Date: 13 March 2007

ROBERTSONS
AUDIT & ASSURANCE PTY LTD
A.B.N. 49 115 261 722

Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Lake Resources NL

As lead auditor for the review of Lake Resources NL for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions to 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 Audit & Assurance Pty Ltd

Robertsons Audit & Assurance Pty Ltd

AM Robertson
Director

Date: 13 March 2007

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