

LAKE RESOURCES N.L.

ABN 49 079 471 980

**FINANCIAL REPORT
FOR THE YEAR ENDED**

30 JUNE 2012

LAKE RESOURCES N.L.
ABN 49 079 471 980

CORPORATE GOVERNANCE STATEMENT

This statement outlines the corporate governance practices of Lake Resources N.L. (the “Company”) and its board of directors (the “Board”) during the financial year ended 30th June 2011. All of the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire year, unless otherwise stated. It should be noted that the small size of the Company and the specialized nature of the mineral exploration industry has necessitated modification in the application of some of the recommendations, while still trying to keep faith with the underlying principles of the recommendations.

Management Oversight

The Board is responsible for the overall corporate governance of the Company including the strategic direction, selection of executive directors, establishing goals for management and monitoring the achievement of those goals and approval of budgets.

Because of the small size of the Company, informal ongoing assessment has been applied by the Board to evaluate performance of senior executives.

The Board reviews the role and responsibilities of the Board and senior executives on an informal ongoing basis. A formalized statement of matters covering the role and responsibilities of the Board and senior executives has not been documented because of the small size of the Company and the Board. A formalized statement will be established if and when justified by a change in the size and nature of the Company’s activities.

Structure of the Board

The Board currently has three directors, one independent non -executive director and two executive directors.

- Ross Johnston is the independent director and chairman of the Company. He is not a substantial shareholder of the Company and satisfies the tests related to independence of directors. He has over thirty years experience as an accountant in public practice having founded one of the largest independently owned accountancy practices in Queensland. He has long experience in commercial and financial issues affecting the Company including reporting, taxation matters and project evaluation. He has been a director of numerous companies over many decades.
- The managing director, Peter Gilchrist, is a qualified and highly experienced engineer with over thirty years experience in the minerals exploration, mining and construction industries. He has long experience in commercial matters including company administration and project evaluation. He has been a director of numerous companies over many decades.

- The exploration director, Jim Clavarino has over 30 years experience as a minerals geologist in Australia and many parts of the world. He has over 10 years experience exploring in Pakistan and is an experienced company director.

The three directors are dedicated to building long term value in the Company for shareholders. They have been directors since the Company was founded in 1997. The small size of the Company and the specialist nature of the exploration industry have generally lead shareholders to place importance on increasing shareholder value by having a Board with strong industry experience. The high risk nature of exploration funding has also led to shareholders preferring directors to be directly or indirectly involved in the provision of capital.

The Board composition does not have a majority of non-executive directors. The addition of another two non-executive directors to achieve this is not considered practical by the Board because of the small size of the Company.

Directors have the right to take independent professional advice at Company expense once they have notified the Board of this intention.

The Company does not have a nomination committee because of the small Board size. The Board undertakes informal ongoing assessment of the skills required to direct the Company. If there are any deficiencies identified, the Board will seek out a candidate to address the deficiency.

The Board conducts ongoing informal evaluation of its performance and the performance of its members on a continuing basis, and has done so during the reporting period. Because of the small size of the Company and the Board, it has not been considered necessary to seek outside assistance in performance evaluation.

Ethical and Responsible Decision Making

The Board acknowledges and emphasizes the importance of all directors, employees, contractors and agents maintaining the highest standards of corporate governance and ethical conduct. Directors are obliged to be independent in judgment and ensure that all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions. The Company has established a reputation for the highest standard of ethical conduct - for example, it has never made facilitation payments to government officials in overseas countries.

The Company has long had a code of conduct which has been strictly adhered to, requiring directors, employees, contractors and agents of the Company to:

- act honestly and in good faith,
- exercise due care and diligence in fulfilling the functions of office,
- avoid conflicts and make full disclosure of any possible conflicts of interest,
- comply with the law,
- encourage the reporting and investigation of unlawful and unethical behavior, and
- comply with the securities trading policy set out in following pages.

Financial Reporting Integrity

The Board is small and acts as a whole as the audit committee. The small size of the Company with the three directors as the only persons handling Company operations including signing all contracts and disbursements, means there is close and direct contact in all aspects of implementing and monitoring all financial systems and reporting.

Disclosure

As an exploration company, there is regular reporting to shareholders through the ASX Periodic Disclosure requirements, which call for quarterly operational and cash flow reporting. This reporting is additional to more conventional reporting by all companies of half yearly and annual financial results. All of the Company's annual reports and quarterly reports are made available on the comprehensive Company website and distributed in hard copy by mail.

The Board is very aware of its Continuous Disclosure obligations which require immediate reporting of material events, particularly in relation to exploration progress. For example, announcements have been made to the ASX when core logs have been completed for holes drilled in Pakistan.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company, to lodge questions to be responded to by the Board, and are able to appoint proxies.

The Directors are personally acquainted with many of the shareholders in the Company and encourage them to visit the Company's office to view the exploration data and discuss the progress of the exploration programme with the exploration director.

Risk Management

The Board sets the framework for the Company's long term success, approving its annual budget, assessing business risks and providing overall risk management policy guidance. The Board monitors all aspects of the business from the operational level through to strategic level risks, including safety and environmental performance, on a continuing basis and has systems in place to review Company controls and to ensure compliance with laws and ethical behavior.

The small size of the Company does not warrant a separate risk management committee. The managing director and the exploration director report regularly to the independent chairman on the effectiveness of the Company's management of its material business risk. The greatest risk, of course, is the low probability of success for minerals exploration.

The managing director has advised the Board that he believes the Company's management of its material business risks is effective. The managing director has advised the Board that the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Remuneration

The Company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and Company shares. The remuneration of all directors is detailed in the Remuneration Report section of the Directors' Report. Any increase in Director's fees is approved by shareholders at the Annual General Meeting.

SECURITIES TRADING POLICY

Directors, officers, employees and contractors who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act dealing with insider trading.

Insider trading is the practice of dealing in a company's securities (which includes shares and options) by a person in possession of unpublished price-sensitive information not generally available. It may also include the passing on of this information to another or procuring another person to deal in the securities. Legally, insider trading is an offence which carries severe penalties, including imprisonment.

This policy is not limited to insider trading of the Company's securities, but also includes trading in the securities of other companies, suppliers or entities with which the Company may be negotiating significant transactions. Information that is not material to the Company may nevertheless be material to one of those other companies.

In this policy, references to directors, officers, employees and contractors includes all Connected Persons including a spouse or partner, child or step-child under the age of 18 years, an unlisted body corporate which the director, officer, employee or contractor controls, a trust of which the director, officer, employee or contractor is a trustee and which he or she or any of the persons referred to above is a beneficiary or any other person over whom the director, officer, employee or contractor has significant influence or control. Further, all references to officers includes a reference to 'key management personnel' as defined in AASB Standard 124 Related Party Disclosure, being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly, including any director (whether executive or otherwise) of the entity.

Insider Trading Prohibition

Directors, officers, employees and contractors of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell any securities in the Company, or procure another person to do so:

1. if that director, officer, employee or contractor possess information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available;
2. if the director, officer, employee or contractor knows or ought reasonably to know that:
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the Company.

Further, directors, officers, employees and contractors must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the Company's securities are set out in Appendix 1.

Closed Periods

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that directors, officers, employees and contractors must not trade in the Company's securities in the following periods:

1. seven days preceding and following director and shareholder meetings.
2. fourteen days preceding and following the release of the Company's Quarterly Reports
3. fourteen days preceding and following the release of the Company's half yearly and annual reports,

(Closed Periods) unless the circumstances are exceptional and the procedure for prior written clearance described below has been met.

In addition to the prohibitions on insider trading set out in the Corporations Act, the Company requires that directors, officers, employees and contractors must not trade in the Company's securities within any period determined by the Company from time to

time, because the Company is considering matters that would require disclosure to the market but for listing rule 3.1A ('Additional Period'), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met. This prohibition is in addition to the Closed Periods. The Closed Periods and the Additional Period are together referred to as a 'Prohibited Period' in this policy.

Exceptional Circumstances When Trading May Be Permitted Subject to Prior Written Clearance

A person may trade in the Company's securities inside a Prohibited Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following exceptional circumstances:

1. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the Company and the person seeking clearance is facing severe financial hardship.
2. if the person granting the prior written clearance is satisfied that the person seeking the clearance does not possess unpublished price-sensitive information about the Company and there are other circumstances deemed to be exceptional by the person granting the prior written clearance.
3. Where trading is required for compliance with a court order or court-enforceable undertakings or for some other legal or regulatory requirement.

Procedure for Obtaining Prior Written Clearance for Trading in the Company's Securities

Directors, officers, employees and contractors must not trade in the Company's securities during a Prohibited Period, including in the exceptional circumstances referred to above, unless the director, officer, employee or contractor obtains prior written clearance from:

1. in the case of employees or contractors, the Managing Director or in his absence, the Company Secretary;
2. in the case of a director or officer, the Chairman or in his absence, the Managing Director;
3. in the case of the Managing Director, the Chairman or in his absence, any of the directors;
4. in the case of the Chairman, the Managing Director or in his absence, any of the directors;

(each an 'Approving Officer').

A request for prior written clearance under his policy should be delivered to the Approving Officer in writing, setting out the details of the securities to be traded and the reasons for the request. Requests may be delivered by hand, mail, email or facsimile.

Any written clearance granted under this policy will be valid for a period of seven days which it is granted or such other period as may be determined by the Approving Officer. The expiry date and time of the clearance will be stated in the clearance granted. Clearances may be delivered by hand, mail, email or facsimile.

Trading Which is Not Subject to this Policy

The following trading by directors, officers, employees and contractors is excluded from this policy:

1. transfers of securities already held into a superannuation fund or other saving scheme in which the director, officer, employee or contractor is a beneficiary;
2. an investment in, or trading in units of, a fund or other schemes (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. where the director, officer, employee or contractor is a trustee, trading in the Company's securities by that trust provided that the director, officer, employee or contractor is not a beneficiary of the trust and any decision to trade during the Prohibited Period is taken by the other trustees or by the investment managers independent of the director, officer, employee or contractor;
4. undertakings to accept, or the acceptance of, a takeover offer;
5. trading under an offer or invitation made to all or most of the security holders such as, a rights issue, a security purchase plan, a dividend, or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and sale of entitlements required to provide for the take up of the balance of entitlements under a reasonable pro rata issue;
6. a disposal of securities that is the result of a secured lender exercising their rights, for example under a margin lending arrangement;
7. the exercise (but not the sale of securities following an exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and the director, officer, employee or contractor could not reasonably have been expected to exercise it at a time when free to do so.
8. Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this trading policy and where:
 - (i) the restricted person did not enter into the plan or amend the plan during a Prohibited Period;

- (ii) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
- (iii) the Company's trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in exceptional circumstances.

Trading in Derivative Products

The prohibitions on trading in the Company's securities imposed by the Company and set out in this policy extend to trading in financial products issued or created over or in respect of the Company's securities.

Notification

Directors must disclose details of changes in securities of the Company they hold (directly or indirectly) to the Company Secretary as soon as reasonably possible after the date of the contract to buy or sell securities ('Contract Date') but in any event:

1. no later than three business days after the Contract Date; or
2. if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the Contract Date.

The Company Secretary is to maintain a register of notifications and clearances given in relation to trading in the Company's securities. The Company Secretary must report all notifications of dealings in the Company's securities to the next Board meeting of the Company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within fourteen days after any change in a director's interest.

Breaches

Breach of the insider trading prohibition could expose directors, officers, employees and contractors to criminal and civil liability. Breach of insider trading law or this policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This policy does not contain an exhaustive analysis of the legal ramifications of insider trading. Directors, officers, employees and contractors who wish to obtain further advice in this matter are encouraged to contact the Company Secretary.

This policy also relates to the Company's related entities.

ASX Listing Rule Requirements

Listing Rule 12.9 requires that each listed entity to have a Trading Policy that complies with minimum content requirements set out in listing rule 12.12. Pursuant to this rule, a copy of this Trading Policy has been provided to ASX for release to the market. The Trading Policy will also be published on the Company's website.

Listing Rule 12.10 requires that any amendments to an entity's Trading Policy that would constitute a material change would require that the amended policy be provided to ASX for release to the market. Material changes include:

1. changes to the fixed periods specified in the Trading Policy when the entity's key management personnel are prohibited from trading in the entity's securities;
2. changes with respect to the trading that is excluded from the operation of the entity's Trading Policy; and
3. changes with respect to the exceptional circumstances in which the entity's key management personnel may be permitted to trade during a Prohibited Period.

Securities Trading Policy - Appendix 1

Examples of information which, if made available to the market, may be likely to have a material effect on the price of the Company's securities include, but are not limited to:

- exploration results;
- entry into or termination of a material contract such as a joint venture;
- a material acquisition or sale of assets by the Company;
- an actual or proposed takeover or merger;
- an actual or proposed change to the Company's capital structure such as a share issue;
- the financial performance of the Company; and
- a material claim against the Company or other unexpected liability, for example the threat of material litigation against the Company.

LAKE RESOURCES N.L.

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DIRECTORS' REPORT

Your directors present their report of the company for the year ended 30 June 2012.

Directors

The directors of the company at any time during or since the end of the year are:

	Meetings Attended	Meetings Eligible to Attend
R Johnston - Chairman (Independent Director)	6	6
J.G. Clavarino - Exploration Director	6	6
P.J. Gilchrist - Managing Director	6	6

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Because of the small size of the company, the board of directors has not formed an audit committee as all board members take an active role in all audit matters.

Company Secretary

The company secretary of the company during the year has been PJ Gilchrist.

Principal Activities

The principal activity of the company in the course of the year was mineral exploration in Pakistan.

There were no significant changes to the nature of the principal activities of the company during the financial year.

Operating Results

The operating loss after applicable income tax was \$136,750 (2011: loss \$273,131).

Dividends

No dividend has been proposed or paid during the financial year.

Review of Operations

During the year the company concentrated on further geological evaluation of its tenements in Pakistan.

Significant Changes in State of Affairs

Apart from matters referred to under Review of Operations, there were no significant changes in the state of affairs.

Future Developments, Prospects and Business Strategies

The company will concentrate its current mineral exploration programme in Pakistan. The Pakistan tenements of the company were renewed in September 2012 for 3 years.

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DIRECTORS' REPORT

Financial Position

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2012, the company's balance sheet shows total assets of \$6,620,187, total liabilities of \$16,924, and net assets of \$6,603,263. Current assets total \$559,984 and include cash assets of \$513,874. Current liabilities total \$16,924.

As outlined in previous financial reports and disclosures by the company, the ongoing activities will concentrate on the exploration program in Pakistan. Historically the company has financed these activities through equity.

The company's ability to continue with its planned exploration activities is dependent on having finance available. The next phase of exploration activities will necessitate the sourcing of additional working capital to undertake these planned activities. Directors are confident that further funds can be raised when required. However no commitment has yet been made as to the source of any additional funding.

The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

Share Options

At the date of this report, there were no share options over unissued ordinary shares of the company.

Non-Audit Services

The auditors did not provide non-audit services to the company during the financial year.

All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor or general principles relating to auditor independence.

Officers and Auditors Indemnification

During the financial period the company paid an insurance premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The amount of the premium was \$8,500 (2011: \$7,250) for all directors and officers.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify any officer or auditor of the company against a liability incurred as an officer or auditor.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to the principles of Corporate Governance. The company's Corporate Governance Statement is included in the Annual Report.

Subsequent Events

As set out in note 23 in the financial statements, the company's exploration tenements are subject to renewal in September 2012 and that has occurred. The company also awaits the outcome of a grant of 25% to government in respect of the tenements.

Otherwise, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

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DIRECTORS' REPORT

Environmental Regulations

The company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

Information on Directors

The Company's Directors have a strong background in mineral exploration, mining engineering, mine management, finance and accounting, with considerable international experience including Australia, USA, Canada, Philippines, Indonesia, Papua New Guinea, Pakistan, Myanmar and Sweden.

NAME	QUALIFICATIONS	APPOINTED
Ross Johnston	B.Com, FCA	08/08/97
Peter J. Gilchrist	B.Eng(Civil), M.Eng Sc, MBA.	08/08/97
James G. Clavarino	FRMIT (Geology) MAIMM, MMICA.	08/08/97

Ross Johnston (Independent Director) - Over 30 years experience as an accountant in public practice, having founded one of the larger independently-owned accountancy practices in Queensland. Has long experience in commercial and financial experience on various boards.

Jim Clavarino (Executive Director) - Has worked as a mineral geologist for over 35 years in Australia and many parts of the world, with considerable experience as a director of mineral exploration companies.

Peter Gilchrist (Executive Director) - Over 30 years experience as an engineer in mining, construction and manufacturing in Australia and USA. He is Executive Chairman of the Aquatec Group, which manufacture and install water treatment equipment for a wide range of customers in the municipal, power and mining industries.

Details of Company Secretary - Peter Gilchrist (Executive Director) has been company secretary since the formation of the company, and has experience as secretary with a number of companies.

Relevant direct interests of the Directors in the shares of the Company are:-

	Balance 30-6-12
Ross Johnston	-
Peter J. Gilchrist	-
James G. Clavarino	1,549,400

Messrs Gilchrist and Johnston have an interest in 3,841,920 ordinary shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist is a substantial shareholder in Trenlin Pty Ltd a company which holds 2,092,222 shares in the company.

Mr Gilchrist is a Director of Queensland Energy Pty Ltd a company which holds 1,268,508 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 3,290,020 shares in the company.

Mr Clavarino is a director and shareholder of Lake Gold Pty Ltd, a company which holds 400,000 shares in the company.

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DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Remuneration Report

This report details the nature and amount of remuneration for each director of Lake Resources NL, and for the executives receiving the highest remuneration.

A. Remuneration policy and practices

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company. The company did not utilise the services of remuneration consultant for the year.

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

As the company has no full-time employees, contract services are engaged for executive directors who are remunerated with cash consideration.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. The company does not issue equity based remuneration.

B. Performance-based Remuneration

The company does not pay any performance-based component of remuneration.

C. Company performance, shareholder wealth and director and executive remuneration

As discussed in Part A of the Remuneration Report, the maximum aggregate amount of directors' fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the company. Fees for directors are not linked to company performance. To align directors' and shareholder interests, the directors are encouraged to hold shares in the company. The company has no full-time employees but engages contactors as necessary.

The current remuneration policy seeks to align director and executive objectives with those of shareholders by recognising the early development stage of the company and the criticality of funds being utilised to achieve development objectives.

The following table shows some key performance data of the company for the last four years, together with the share price at the end of each respective year.

	2009	2010	2011	2012
	\$	\$	\$	\$
Revenue	17,641	4,759	7,730	75,477
Net Loss	430,728	117,978	273,131	136,750
Net Assets	4,806,520	5,262,082	6,740,013	6,603,263
Capitalised Exploration Expenditure	4,370,005	5,116,053	5,299,507	6,042,045
Share Price at Year-end	0.09	0.09	0.04	0.02
Dividends Paid	nil	nil	nil	nil

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DIRECTORS' REPORT

D. Key Management Personnel Remuneration for Year Ended 30 June 2012

The remuneration received and receivable for each director of the company during the year was as follows:

2012	Short-term Benefits		Other employment Benefits	Total	Performance Related %
	Fees	Contract Service Fees			
Key Management Personnel	\$	\$	\$	\$	
Ross Johnston (Non-Executive Director)	20,000	-	-	20,000	-
Jim Clavarino (Executive Director)	20,000	75,952 #	-	95,952	-
Peter Gilchrist (Executive Director)	20,000	36,000 *	-	56,000	-
	60,000	111,952	-	171,952	-

2011	Short-term Benefits		Other employment Benefits	Total	Performance Related %
	Fees	Contract Service Fees			
Key Management Personnel	\$	\$	\$	\$	
Ross Johnston (Non-Executive Director)	-	-	-	-	-
Jim Clavarino (Executive Director)	-	18,000 #	-	18,000	-
Peter Gilchrist (Executive Director)	-	27,000 *	-	27,000	-
	-	45,000	-	45,000	-

* The company has engaged Trenlin Pty Ltd, a company which Mr PJ Gilchrist is a shareholder to provide professional services to the company.

The company has engaged Argent Resources Pty Ltd, a company which Mr Clavarino is a director, to provide exploration services to the company.

These services are provided on normal commercial terms and conditions, no more favourable than those provided by other parties.

E. Service contracts of directors and specified executives

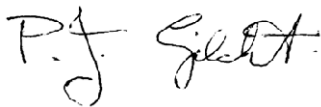
The service conditions of the managing director, Mr Peter Gilchrist, and the exploration director, Mr Jim Clavarino are not formalised in contracts.

The company does not have any employment contracts.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and is attached to the directors' report.

This directors report is signed in accordance with a resolution of directors.



P.J. Gilchrist
Director

Brisbane, Queensland
14 September 2012

LAKE RESOURCES N.L.
ABN 49 079 471 980
DIRECTORS' DECLARATION

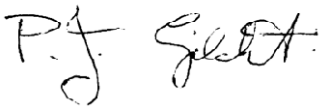
The directors of the company declare that:

- 1 The attached financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the company's financial position as at 30 June 2012 and of the performance of the company for the year ended on that date.

The Chief Executive Officer and Chief Financial Officer have each given the declarations required by section 295A of the
2 *Corporations Act 2001*.

- 3 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.



PJ Gilchrist
Director

14 September 2012



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289
Level 19, 127 Creek Street, Brisbane Qld 4000
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Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Lake Resources N.L.

As lead auditor for the audit of Lake Resources N.L. for the year ended 30 June 2012, 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 audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 14 September 2012



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
ABN 49 115 261 722
Registered Audit Company 299289
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAKE RESOURCES N.L.

Report on the Financial Report

We have audited the accompanying financial report of Lake Resources N.L. (the company), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been provided to the directors of Lake Resources N.L. as attached to the directors' report, has not changed as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAKE RESOURCES N.L. (CONTINUED)**

Auditor's Opinion

In our opinion:

- a) the financial report of Lake Resources N.L. is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis Of Matter – Continued Operations and Future Funding

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the company's ability to continue with its planned exploration activities is dependent on having finance available.

As indicated in the note, at balance date the company had total assets of \$6,620,187 and net assets of \$6,603,263, including cash assets of \$513,874. Maximum exploration expenditure commitments in the next 12 months total \$94,804. In addition the company will need to cover its general overheads. On the basis of completing currently planned activities, further funds will need to be raised. Directors are confident that funding initiatives will be successful; however, no commitment has yet been made as to the source of any additional funding. On the expectation of obtaining further funding directors have prepared the financial statements on a going concern basis. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary if the company could not continue as a going concern.

Report on the Remuneration Report

We have audited the remuneration report of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Lake Resources N.L. for the year ended 30 June 2012 complies with s 300A of the *Corporations Act 2001*.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Migel Bamford

N D Bamford

Director

Level 19, 127 Creek Street,
Brisbane, QLD, 4000

Date: 14 September 2012

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	75,477	7,730
Classification of Expenses by Function:			
Administrative expenses		(51,120)	(60,074)
Corporate expenses		(149,107)	(202,787)
Occupancy expenses		(12,000)	(18,000)
Loss before income tax expense	3	(136,750)	(273,131)
Income tax expense	4	-	-
Loss for the year		(136,750)	(273,131)
Other comprehensive income:			
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the period		(136,750)	(273,131)
Profit attributable to:			
Members of the parent entity		(136,750)	(273,131)
Total comprehensive income attributable to:			
Members of the parent entity		(136,750)	(273,131)
Basic earnings per share (cents per share)	7	(0.002)	(0.006)
Diluted earnings per share (cents per share)	7	(0.002)	(0.006)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	513,874	1,357,672
Trade and other receivables	9	44,859	47,107
Other current assets	10	1,251	1,080
Total Current Assets		559,984	1,405,859
NON-CURRENT ASSETS			
Property, plant and equipment	11	18,158	44,547
Exploration and evaluation expenditure	12	6,042,045	5,299,507
Total Non-Current Assets		6,060,203	5,344,054
TOTAL ASSETS		6,620,187	6,749,913
Trade and other payables	13	16,924	9,900
Total Current Liabilities		16,924	9,900
NON-CURRENT LIABILITIES			
Total Non-current Liabilities		-	-
TOTAL LIABILITIES		16,924	9,900
NET ASSETS		6,603,263	6,740,013
EQUITY			
Issued capital	14	8,690,935	8,690,935
Reserves	15	1,051,609	1,051,609
Accumulated losses		(3,139,281)	(3,002,531)
TOTAL EQUITY		6,603,263	6,740,013

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2012

	Issued Capital	Capital Profits Reserve	Revaluation Surplus	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance 1 July 2010	6,939,873	4,997	1,046,612	(2,729,400)	5,262,082
Net profit/(loss) for period	-	-	-	(273,131)	(273,131)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(273,131)	(273,131)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	1,758,075	-	-	-	1,758,075
Transaction Costs	(7,013)	-	-	-	(7,013)
Dividends paid or provided for	-	-	-	-	-
Total transactions with owners and other transfers	1,751,062	-	-	-	1,751,062
Balance 30 June 2011	8,690,935	4,997	1,046,612	(3,002,531)	6,740,013
Balance 1 July 2011	8,690,935	4,997	1,046,612	(3,002,531)	6,740,013
Net profit/(loss) for period	-	-	-	(136,750)	(136,750)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(136,750)	(136,750)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Transaction Costs	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-	-
Balance 30 June 2012	8,690,935	4,997	1,046,612	(3,139,281)	6,603,263

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

STATEMENT OF CASH FLOWS

for the year ended 30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(176,737)	(295,149)
Finance costs		-	(1,673)
Interest received		75,477	7,730
Net cash provided by/ (used in) operating activities	16	(101,260)	(289,092)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiary, net of cash		-	10
Payments for deferred expenditure		(742,538)	(183,454)
Net cash provided by/ (used in) investing activities		(742,538)	(183,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	1,758,075
Proceeds from borrowings		58,379	42,417
Re-payment of borrowings		(58,379)	(42,417)
Share issue costs		-	(7,013)
Net cash provided by/ (used in) financing activities		-	1,751,062
Net increase/(decrease) in cash held		(843,798)	1,278,526
Cash at beginning of year		1,357,672	79,146
Cash at end of year	8	513,874	1,357,672

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies

The financial report covers Lake Resources NL. Lake Resources NL is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Continued Operations and Future Funding

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2012, the company's statement of financial position shows total assets of \$6,620,187, total liabilities of \$16,924, and net assets of \$6,603,263. Current assets total \$559,984 and include cash assets of \$513,874. Current liabilities total \$16,924. Maximum exploration expenditure commitment in the next 12 months total \$94,804. In addition the company will need to cover general overheads.

As outlined in previous financial reports and disclosures by the company, the ongoing activities will concentrate on the exploration program in Pakistan. Historically the company has financed these activities through equity.

The company's ability to continue with its planned exploration activities is dependent on having finance available. The next phase of exploration activities will necessitate the sourcing of additional working capital to undertake these planned activities. Directors are confident that further funds can be raised when required. However no commitment has yet been made as to the source of any additional funding.

The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

Accounting Policies

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (cont)

a. Income Tax (cont)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	20%
Plant and equipment	20-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (cont)

c. Exploration and Development Expenditure

Exploration, evaluation and development 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 current and that the costs are expected to be recouped through the successful development of the area, or sale, or where activities in the area have not yet reached a stage that 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 is made.

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

Restoration Costs

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The company currently has no obligations for any restoration costs in relation to discontinued operations, nor is it currently liable for any future restoration costs in relation to current areas of interest.

Consequently, no provision for restoration has been deemed necessary.

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit and loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised costs using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest rate method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements For the year ended 30 June 2012

d. Financial Instruments (cont)

(i) 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.

(ii) Financial liabilities

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

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the profit or loss.

e. Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Foreign Currency Transactions and Balances

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive.

g. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

LAKE RESOURCES NL

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Notes to the Financial Statements For the year ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (continued)

i. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the company, are classified as finance leases.

Lease payments to operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

l. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment of assets has been identified for the year ended 30 June 2012.

Key Judgments — Carry-forward of Exploration and Development Expenditure (Note 12 and 23)

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

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of exploration and development assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or sale, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Key Judgments — Going Concern

As set out in note 1 (a) the financial report has been prepared on a going concern basis on the assessment that further capital can be raised.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 2: REVENUE		
Revenue		
Interest revenue from other persons	75,477	7,730
NOTE 3: PROFIT/(LOSS) FOR THE YEAR		
The result for the year includes the following specific items:		
Expenses		
Depreciation	26,389	29,191
Interest paid to related entity	-	1,673
Remuneration of directors	60,000	-
Rental expense on operating leases	12,000	18,000
NOTE 4: INCOME TAX EXPENSE/(BENEFIT)		
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before tax income tax at 30% (2011: 30%).	(41,025)	(81,939)
Add tax effect of:		
Future income tax benefit of tax losses not brought to account	263,786	136,975
Less tax effect of:		
Temporary differences between income tax and accounting treatment of exploration and other expenditure	(222,761)	(55,036)
Income tax expense	-	-
The weighted average effective tax rate is	0%	0%

The company has unrecouped, unconfirmed carry forward tax losses of approximately \$8.9 million (2011: \$8.1 million).

A deferred income tax asset arising from carry forward tax losses will only be recognised to the extent that:

- (a) it is probable that the company will derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- (b) the company continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the company in realising the benefit from the losses.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements for the year ended 30 June 2012

2012
\$

2011
\$

NOTE 5: KEY MANAGEMENT PERSONNEL

- (a) Names and positions held of company key management personnel in office at any time during the financial year are:

Peter Gilchrist	Managing Director
James Clavarino	Exploration Director
Ross Johnston	Non-Executive Director

- (b) Key Management Personnel Compensation

The company has no employees. The two executive directors operate under consultancy contracts to provide services, based on commercial rates. Amounts paid during the year are set out in note 17 and in the directors report. Totals paid

Short term benefits	171,952	45,000
Other benefits	-	-
	<u>171,952</u>	<u>45,000</u>

See note 17 for other transactions with KMP.

- (c) Shareholdings

Number of shares directly held by Key Management Personnel (2012 and 2011):

Key Management Personnel	Opening Balance No.	Received as compensation No.	Purchases/ (sales) No.	Closing Balance No.
Peter Gilchrist	-	-	-	-
James Clavarino	1,549,400	-	-	1,549,400
Ross Johnston	-	-	-	-

Messrs Gilchrist and Johnston have an interest in 3,841,920 (2011: 3,841,920) ordinary shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist is a substantial shareholder in Trenlin Pty Ltd a company which holds 2,092,222 (2011: 2,092,222) shares in the company.

Mr Gilchrist is a Director of Queensland Energy Pty Ltd a company which holds 1,268,508 (2011: 1,268,508) shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 3,290,000 (2011: 3,290,020) shares in the company.

Mr Clavarino is a director and shareholder of Lake Gold Pty Ltd, a company which holds 400,000 (2011: 400,000) shares in the company.

LAKE RESOURCES NL

ABN 49 079 471 980

Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 6: AUDITORS' REMUNERATION		
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	17,200	16,900
- other services	-	-
	<u>17,200</u>	<u>16,900</u>
NOTE 7: EARNINGS PER SHARE		
(a) The earnings figure used in the calculation of both the basic EPS and the diluted EPS are the same.	<u>(136,750)</u>	<u>(273,131)</u>
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	<u>70,323,026</u>	<u>48,125,028</u>
(c) Classification of Securities		
Only ordinary shares existed during the 2012 year.		
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	113,874	107,672
Short term bank deposit	400,000	1,250,000
	<u>513,874</u>	<u>1,357,672</u>
The effective interest rates on short term bank deposits was 4.64% (2011: 6.00%); these deposits have an average maturity of less than 90 days.		
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	<u>513,874</u>	<u>1,357,672</u>

LAKE RESOURCES NL

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Notes to the Financial Statements for the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES		
Current:		
Other receivables	44,859	47,107
	44,859	47,107

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

NOTE 10: OTHER ASSETS

Current:		
Prepayments	1,251	1,080
	1,251	1,080

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment - at cost	57,578	57,578
Accumulated depreciation	(57,155)	(53,278)
Total Plant and Equipment	423	4,300
Motor Vehicles - at cost	112,254	112,254
Accumulated depreciation	(94,519)	(72,007)
Total Vehicles	17,735	40,247
Total Property, Plant and Equipment	18,158	44,547

Movement in carrying amount

Movement in the carrying amounts for each class of property, plant and equipment are set out below:

	Vehicles	Plant & Equip	Total
	\$	\$	\$
2012			
Balance at 1 July 2011	40,247	4,300	44,547
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(22,512)	(3,877)	(26,389)
Carrying amount at 30 June 2012	17,735	423	18,158
2011	\$	\$	\$
Balance at 1 July 2010	62,698	11,040	73,738
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(22,451)	(6,740)	(29,191)
Carrying amount at 30 June 2011	40,247	4,300	44,547

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Notes to the Financial Statements for the year ended 30 June 2012

2012	2011
\$	\$

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of areas of interest are:

Exploration and evaluation phase - at cost	6,042,045	5,299,507
--	-----------	-----------

Movement during the year in exploration and evaluation expenditure:

At cost:

Carrying amount at beginning of year	5,299,507	5,116,053
Capitalised exploration and evaluation expenditure	742,538	183,454
Carrying amount at the end of year	6,042,045	5,299,507

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals, or alternatively, through the sale of the areas of interest. Capitalised costs amounting to \$742,538 (2011: \$183,454) have been included in cash flows from investing activities in the cash flow statement.

The company's tenements are due for renewal in September 2012 and the tenements are subject to a grant of 25% to government (see note 23).

NOTE 13: TRADE AND OTHER PAYABLES

Current:

Unsecured creditors:

Sundry creditors and accrued expenses	16,924	9,900
	16,924	9,900

NOTE 14: ISSUED CAPITAL

70,323,026 (2011: 70,323,026) fully paid ordinary shares	8,690,935	8,690,935
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(a) Fully paid ordinary shares

Balance at the beginning of the reporting period	8,690,935	6,939,873
Shares issued during the year	-	1,758,075
Share issue costs	-	(7,013)
Balance at reporting date	8,690,935	8,690,935

	No.	No.
Balance at the beginning of the reporting period	70,323,026	35,161,513
Shares issued during the year:	-	35,161,513
Balance at reporting date	70,323,026	70,323,026

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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Notes to the Financial Statements for the year ended 30 June 2012

2012	2011
\$	\$

NOTE 14: ISSUED CAPITAL (cont)

(b) Options

There are no options over shares

(c) Capital Management

Exploration companies such as Lake Resources NL are funded exclusively by share capital. The company has no debt. The company's capital comprises share capital supported by financial assets.

Management controls the capital of the company to ensure it can fund its operations and continue as a going concern.

Capital management policy is to fund exploration activities by way of equity. No dividend will be paid whilst the company is in its exploration stage. There are no externally imposed capital requirements.

There have been no changes in capital management policies since the prior year.

NOTE 15: RESERVES

(a) Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments

4,997	4,997
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(b) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this

1,046,612	1,046,612
-----------	-----------

<u>1,051,609</u>	<u>1,051,609</u>
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NOTE 16: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax:

Profit/(loss) after income tax	(136,750)	(273,131)
Non-cash flows in profit:		
Depreciation & amortisation	26,389	29,191
Changes in operating assets and liabilities:		
Decrease/(Increase) in receivables	2,248	(38,861)
Decrease/(Increase) in prepayments	(171)	223
(Decrease)/Increase in trade creditors and accruals	7,024	(6,514)
Cash flows from operations	<u>(101,260)</u>	<u>(289,092)</u>

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Notes to the Financial Statements for the year ended 30 June 2012

2012	2011
\$	\$

NOTE 17: RELATED PARTY TRANSACTIONS

The company's main related parties are the directors (key management personnel) and their related entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors' transactions with the Company

Directors' remuneration is detailed Note 5 (b) and in the remuneration section (Part C) of the directors report.

The company paid Argent Resources Pty Ltd, a company of which Mr J.G. Clavarino is a director, fees for professional services in relation to exploration work undertaken on behalf of the company.

75,952	18,000
--------	--------

The company paid Trenlin Pty Ltd, a company of which Mr P.J. Gilchrist is a shareholder, fees for professional services undertaken on behalf of the company (\$36,000) and for rent of premises on a monthly tenancy (\$12,000).

48,000	27,000
--------	--------

The company received short term funding during the year from 202 Limited, a company related to Messrs Gilchirst and Johnston in order to fund working capital. The loan has been repaid during the year and has been reflected in the cashflows from financing activities. Interest paid/payable on the loan.

-	1,673
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Directors' holding of shares and options (see also Note 5(c))

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date, the following equity interests in the company:

	No.	No.
Ordinary shares	12,442,070	12,042,070
Options over ordinary shares	nil	nil

NOTE 18: CAPITAL AND LEASING COMMITMENTS

Exploration Commitments

Under the terms of the Company's licences for its exploration tenements it has to meet annual rent and undertake exploration. The commitments are as follows:

	Rent	Exploration	Total
	\$	\$	\$
2012			
Not later than 1 year	8,804	86,000	94,804
Later than 1 year but not later than 5 years	26,413	-	26,413
Total commitment	35,217	86,000	121,217

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Notes to the Financial Statements for the year ended 30 June 2012

2012
\$

2011
\$

NOTE 18: CAPITAL AND LEASING COMMITMENTS (continued)

	Rent	Exploration	Total
2011	\$	\$	\$
Not later than 1 year	22,000	628,000	650,000
Later than 1 year but not later than 5 years	5,500	157,000	162,500
Total commitment	<u>27,500</u>	<u>785,000</u>	<u>812,500</u>

NOTE 19: CONTINGENT LIABILITIES

Under the terms of exploration licences originally granted in September 2009, and renewed in September 2012, the company must elect to grant the Balochistan Government a maximum 25% investment in the licences. The Government has advised that a draft agreement is being finalised. At reporting date the company has capitalised \$6,042,045 of expenditure in respect of these areas of interest (note 12). These financial statements do not reflect the financial effect of this grant should it proceed.

There were no other material contingent liabilities at the end of the reporting period.

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Notes to the Financial Statements for the year ended 30 June 2012

NOTE 20: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	8	513,874	1,357,672
Trade and other receivables	9	44,859	47,107
Total Financial Assets		558,733	1,404,779
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and sundry creditors	13	16,924	9,900
Total Financial Liabilities		16,924	9,900

Financial Risk Management Policies

The directors of the company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit, liquidity and market risk, consisting of interest rate risk and foreign currency risk.

a. Credit risk

The company does not have any material credit risk exposure to any single receivable or group of receivables, or geographic exposure under financial instruments entered into by the company. Receivables are the main source of credit risk. Bank balances are with major international banks.

b. Liquidity risk

Liquidity risk arises from the possibility the company might encounter difficulty meeting obligations on financial liabilities and commitments.

The company manages liquidity risk by monitoring forecast cash flows, and maintaining adequate levels of cash. The table below analyses liquidity.

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Notes to the Financial Statements for the year ended 30 June 2012

NOTE 20: FINANCIAL RISK MANAGEMENT (cont)

Financial asset and financial liability maturity analysis

	Within 1 year		1 to 5 years		Total	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	16,924	9,900	-	-	16,924	9,900
Total expected outflows	16,924	9,900	-	-	16,924	9,900
Financial assets - cash flows realisable						
Cash and cash equivalents	513,874	1,357,672	-	-	513,874	1,357,672
Trade and other receivables	44,859	47,107	-	-	44,859	47,107
Total anticipated inflows	558,733	1,404,779	-	-	558,733	1,404,779
Net (outflow)/inflow on financial instruments	541,809	1,394,879	-	-	541,809	1,394,879

c. Market risk

Interest rate risk

The company does not have any material exposure to any interest rate risk as the company has no debt. The company's only interest rate risk exposure is in relation to cash on deposit. The company manages interest rate risk as a result of changes in market interest rates through the use of variable term deposits.

Foreign currency risk

The company is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the company's measurement currency, and from holding foreign currency financial instruments.

Price risk

The company is not exposed to any commodity price risk.

Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2012, the effect on profit and equity as a result of a 2% change in the interest rate, with all other variables remaining constant would be +/- \$13,005 (2011 \$7,442)

Foreign Currency Risk Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to foreign exchange risk. At year end, the effect on profit and equity as a result of a 10% (2011: 10%) change in the Pakistan Rupee, with all other variables remaining constant would be +/- \$714 (2011: +/- \$3,699)

This exposure arises from the Pakistan Rupee bank accounts. Net exposure is PKR 685,460 (2011: PKR 3,381,380) and is not considered material.

The above interest rate and foreign exchange rate sensitivity analysis were performed on the assumption that all other variables remain unchanged.

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Notes to the Financial Statements for the year ended 30 June 2012

NOTE 20: FINANCIAL RISK MANAGEMENT (cont)

Net Fair Values

The net fair value of the company's financial assets and liabilities approximate their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTE 21: COMPANY DETAILS

The registered office and principal place of business of the company is:

Lake Resources NL
5 Maud Street
NEWSTEAD QLD 4006

NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

The financial report was authorised for issue on 14 September 2012.

NOTE 23: ECONOMIC DEPENDENCY

The company is dependent on the Government of Pakistan continuing to allow exploration on tenements which have been granted to the company. Tenements which were due for renewal in September 2012 have been renewed for 3 years.

In addition, the tenements are subject to a grant of 25% to government (see note 19).

NOTE 24: OPERATING SEGMENTS

(a) Segment Information

The company operates entirely in the mineral exploration industry with all tenements in Pakistan and corporate operations in Australia. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the statement of comprehensive income and statement of financial position.

(b) Revenue by geographical region

	2012	2011
	\$	\$
Australia	75,477	7,730
Pakistan	-	-
Total revenue	<u>75,477</u>	<u>7,730</u>

(c) Assets by geographical region

The location of segment assets is disclosed below by geographical location of the assets:

Australia	571,008	1,450,406
Pakistan	6,049,179	5,299,507
Total assets	<u>6,620,187</u>	<u>6,749,913</u>

(d) Major customers

All revenue relates to interest earned on term deposits. The company has no revenue from external customers.

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Notes to the Financial Statements for the year ended 30 June 2012

NOTE 25: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

The key changes made to accounting requirements include:

- * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- * simplifying the requirements for embedded derivatives;
- * removing the tainting rules associated with held-to-maturity assets;
- * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- * requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- * requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the company.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities': Principally amends AASB 7 'Financial Instruments: Disclosures' to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities': Adds application guidance to AASB 132 'Financial Instruments: Presentation' to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement

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Notes to the Financial Statements for the year ended 30 June 2012

NOTE 25: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (cont)

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle': Makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: repeat application of AASB 1 is permitted (AASB 1); and clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 'Presentation of Financial Statements'), and

AASB 1048 'Interpretation of Standards (revised)': Identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.

AASB 2012-2, AASB 2012-4 and AASB 2012-5 apply to annual reporting periods beginning on or after 1 January 2013. AASB 2012-3 applies to annual reporting periods beginning on or after 1 January 2014. AASB 1048 applies to annual reporting periods ending on or after 30 June 2012. Earlier application of the Standards is permitted, with some conditions.

These Standards are not expected to significantly impact the company.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements {AASB 124}.

This standard amends AASB 124 to remove the disclosures required of disclosing entities about individual key management personnel (eg components of remuneration). Early adoption of this standard is not permitted.

This standard is applicable for annual reporting periods beginning on or after 1 July 2013 (ie 30 June 2014 year ends)

The expected impact on the financial statements will be that the KMP remuneration disclosure note will now show total remuneration only rather than separating the remuneration into components.

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Additional Information for Listed Public Companies

The shareholder information set out below was applicable as at 16 August 2012.

1. Twenty Largest Shareholders

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Shares

Name	No. of Ordinary Investors Shares Held	Percentage of Issued Shares
1 HSBC CUSTODY NOMINEES (AUST) LTD	13,998,000	19.91%
2 KHATTAR CAPITAL INTERNATIONAL PTE LTD	5,000,000	7.11%
3 KEMKAY PTY LTD	3,841,920	5.46%
4 BUSHFLY AIR CHARTER PTY LTD	3,290,020	4.68%
5 LAWNBET PTY LTD	2,400,000	3.41%
6 INVIA CUSTODIAN PTY LIMITED	2,346,705	3.34%
7 TRENLIN PTY LIMITED	2,092,222	2.98%
8 BENSONS OF BRISBANE PTY LTD	2,000,000	2.84%
9 ROBERT TAN KAH BOH	2,000,000	2.84%
10 CHNG SENG CHYE	2,000,000	2.84%
11 JG CLAVARINO	1,549,400	2.20%
12 CORPORATE PROPERTY SERVICES PTY LTD	1,359,840	1.93%
13 QLD ENERGY PTY LTD (QEM SUPERANNUATION FUND)	1,268,508	1.80%
14 JAN MUHAMMED	1,000,000	1.42%
15 LILIANA TEOFILOVA	1,000,000	1.42%
16 CALAMA HOLDINGS PTY LTD	835,608	1.19%
17 PAUL RAYMOND FROST	800,000	1.14%
18 ALEXANDRA MARIE CLAVARINO	750,000	1.07%
19 ASSET CUSTODIAN NOMINEES (AUST) PTY LTD	675,000	0.96%
20 PARCENT HOLDINGS P1	672,388	0.96%
TOTAL FOR TOP 20 SHAREHOLDERS:	48,879,611	20 69.51%
TOTAL OTHER INVESTORS SHAREHOLDINGS	21,443,415	552 30.49%
TOTAL ORDINARY SHARES ON ISSUE	70,323,026	572 100.00%

2. Distribution of equity securities

(a) Analysis of security by size of holding -number of security holders

Ranges	Investors	Securities	% Issued Capital
1 to 1000	10	3,335	0.01%
1001 to 5000	79	247,289	0.35%
5001 to 10000	150	1,318,105	1.87%
10001 to 100000	264	8,102,708	11.52%
100001 and Over	64	60,651,589	86.25%
Total	567	70,323,026	100.00%

(b) TThe number of security investors holding less than a marketable parcel of 16,667 securities (\$0.030 on 10.8.2012) is 313, and they hold 2,507,674 securities.

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Additional Information for Listed Public Companies

3. Substantial Shareholders

The following details of substantial shareholders listed in the company's register at 16 August 2012 are:

Shareholder	Number of Shares
HSBC Custody Nominees	139,980,000
Khattar Capital International	5,000,000
Kemkay Pty Ltd	3,841,920

4. Voting Rights

Each ordinary shareholder is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

5. The name of the Company Secretary is Mr. Peter Gilchrist.

6. The address of the principal registered office in Australia is 5 Maud Street, Newstead Qld 4006.

7. Register of securities are held at the following address:

Link Market Services Ltd
Level 12
300 Queen Street
BRISBANE QLD 400
Telephone No. (07) 3320-2232

or

Locked Bag A14
SYDNEY SOUTH NSW 1235
Telephone No. 1300 554 474
(02) 820 7454

8. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the company on all Members Exchanges of the Australian Stock Exchange Limited

9. Restricted Securities

There are no restricted securities.

10 Schedule of Tenements as at 14 September 2012

Balochistan Tenements

Tenement	Alamaf	Dasht-i-Gauran	Koh-i-Sultan
EL Number	(71)/5468-78	(72)/5492-5503	(73)/5479-91
Area (sq km)	46.9	29.12	85.1
Lake Interest	(see Note 1)	(see Note 1)	(see Note 1)
Original Grant Date	10/09/2012	10/09/2012	10/09/2012
Expiry Date	09/09/2015	09/09/2015	09/09/2015

Note 1: Clause 12 of the Licence documents provides that the grantee "...will also sign an agreement with the Government of Balochistan in the said licence/project with 12.5% share on 100% discount i.e. without any investment or 25% share with investment in accordance with the Latest Policy of the Government". Negotiations will continue with the Government of Balochistan to meet the provisions of this clause.