Lake Resources NL

ABN 49 079 471 980

Annual Financial Report - 30 June 2018

Directors	Stuart Crow - Non-executive Chairman Steve Promnitz - Managing Director Nicholas Lindsay - Non-executive Director
Company secretary	Andrew Bursill
Notice of annual general meeting	The annual general meeting of Lake Resources NL will be held on 13 November 2018 at 10am.
Registered office and Principal Place of Business	Suite 2, Level 10 70 Phillip Street Sydney NSW 2000 Tel: +61 2 9299 9690
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: +61 2 8280 7111 Fax: +61 2 9287 0303
Auditor	Stanley & Williamson
Solicitors	HopgoodGanim
Bankers	National Australia Bank
Stock exchange listing	Lake Resources NL shares are listed on the Australian Securities Exchange (ASX code: LKE)
Website	www.lakeresources.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lake Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Lake Resources NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

S. Crow (Non-Executive Chairman)
S. Promnitz (Managing Director)
N. Lindsay (Non-Executive Director) (appointed 18 July 2017)
P.J. Gilchrist (resigned 18 July 2017)

Principal activities

The principal activities of the entities within Lake Resources NL (Lake) are:

- Exploration and development of lithium brine projects and lithium hard rock projects
- Exploration for minerals.

Lake holds four prime lithium projects in Argentina with one of the largest lease holdings of lithium. During the year ended 30 June 2018, Lake made a major discovery of a new large deep lithium basin (20km x 12 km) similar to those in production as it conducted a major drilling program over the 100% owned Kachi Lithium Brine Project in Argentina. Further leases have been added to consolidate ownership. An initial resource is anticipated in late CY2018.

At the Olaroz – Cauchari Lithium Brine Projects in Argentina, a landmark agreement was signed on 1 March 2018 which confirmed tenure within a prime lithium producing basin. The initial drilling is planned for early October 2018 at Cauchari with Olaroz to follow. Corporate activity adjacent to the Lake projects has reaffirmed the prime location of the projects.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $3,540,391 (30 June 2017: $1,170,745).

Corporate

The Company has advanced significantly this financial year in demonstrating the size and scale of its Kachi Lithium project and in securing access to its Olaroz-Cauchari Lithium Project. These two flagship projects are well positioned to deliver shareholders significant growth as substantial stand alone development projects to be developed solely or in conjunction with a strategic partner. Together with a further brine project and a hard rock project, these make Lake one of the largest lease holders of lithium brine and hard rock projects (~180,000 hectares) of a listed entity on the ASX.

The lithium project areas were pegged before the mid-late 2016 “rush” to acquire leases in Argentina. The Company completed a transaction on 14 November 2016 (announced May 2016) which acquired the unlisted company LithNRG Pty Ltd, with well-located prime lithium brine projects in three large packages of tenement applications around salt lakes in North West Argentina. The last remaining tranche of shares and options was issued in March 2018 upon completion of the last milestone, involving tenure at Olaroz-Cauchari.

Lake controls 100% of the subsidiary LithNRG Pty Ltd with its Argentine subsidiaries, Minerales Australes SA and Morena del Valle Minerals SA, and post 30 June, acquired control of Petra Energy SA which holds the hard rock leases.

A capital raising of $4.5 million before costs (33.33 million LKE shares at $0.135), by way of private placement, was completed in March 2018, with an attached 1-for-2 option at $0.20 (16.66 million options, expiry 15 Dec 2018). Broker options were issued as part of the transaction at $0.20 (9.5 million options, expiry 15 Dec 2018). On 4 April 2018 the Company issued 25,000,000 new Ordinary Shares in LKE at $0.05 per share following the conversion of Class A options, with an exercise price of $0.05. On 3 November 2017, the Company secured commitments to raise $1.665 million before costs by way of the issue of 1,665,000 unsecured notes (Notes) to sophisticated and professional investors with a right to purchase a 1-for-2 option at $0.20 (16.66 million options, expiry 15 Dec 2018), and these notes were repaid in April 2018. The three tranches of 20c options were converted into 42.81 million listed LKEO1 options (at $0.20, expiry 15 Dec 2018). on 18 June 2018, after a short form prospectus and shareholder approval.

The Company had 305,638,867 shares on issue at 30 June 2018, with 42,816,667 listed LKEO1 options at $0.20 (expiry 15 Dec 2018) and 19,200,000 listed LKEO options at $0.10 (expiry 27 Aug 2018) and 5,042,494 unlisted options at $0.05 (expiry 30 Nov 2018), 6,250,000 unlisted options at $0.05 (expiry 21 Oct 2019) and 9,500,000 unlisted options at $0.28 (expiry 31 Dec 2020), plus LTI Performance Rights of 2,500,000 with an option agreement over hard rock leases (now exercised post 30 June) which would result in an issuance of 19,000,000 LKE shares.

Lake has held a number of initial discussions with potential strategic partners and offtake partners, predominantly in China, Japan, Korea and India, to secure a down stream partner to develop each project, with a focus on the Kachi Project once the resource is released. The Company has engaged corporate advisors in Asia, North America and the UK, together with public research analyst commentary on the Company.

Corporate activity adjacent to the Lake projects has reaffirmed the prime location of the projects. POSCO announced the US$280 million acquisition of the northern resource of Galaxy's lithium brine project, approximately 100 km north of the Kachi Project. Post 30 June, Gangfeng Lithium (#2 lithium producer) announced the US$237 million acquisition of SQM's 37% of the Cauchari project, together with Lithium Americas – and this project is located 450 metres from Lake's Cauchari project.

Operations

Argentina

Kachi Lithium Brine Project - Catamarca Province, Argentina
A major maiden discovery was confirmed by drilling at the Kachi Lithium Brine Project in Catamarca province, Argentina, with the presence of a large scale, deep salt lake basin 22 x 8 kilometres, with brines from surface to over 400 metres deep. This is a similar size to globally significant lithium producers and one of the few remaining salt lakes in Argentina with substantial identified lithium brines and controlled 100% by a single owner, Lake. An initial resources is anticipated in late CY2018 with the brine body showing potential to increase further under covered areas.

The Kachi Lithium Brine Project is located in Catamarca province, approximately 100km south of FMC Corp's Hombre Muerto Lithium brine operation and Galaxy Resources (GXY.ASX) Limited's Sal de Vida lithium brine project. Albemarle Corp's Antofalla lithium potash brine development project is in the adjacent basin.

The Kachi Project is a consolidated package of ~54,000 hectares of mining leases owned 100% by Lake centred around a previously undrilled salt lake within a large basin. The area has been recently recognised as a lithium brine bearing basin, and this is the first time the area has been consolidated under one owner. Near-surface brines show high conductivities and auger sampling has displayed positive lithium results. Kachi covers the lowest point of drainage from a large area of over 5000 square kilometres containing lithium bearing volcanics and hot springs.

Lake's Argentine subsidiary, Morena del Valle Minerals SA, has completed fourteen rotary and diamond drill holes (8 holes at 30 June) which ended in lithium brine-bearing sediments. Results have been reported from drill holes with variable depths up to 405 metres and demonstrate that lithium brine is present from near surface to over 400m depth in drill holes spaced 11 km apart across the project.

Highest grades to date are from drill-hole K03R03, averaging 306 mg/L lithium, low impurities and low average Mg/Li ratio of 4.3. These results indicate higher concentrations of lithium bearing brines occur at depth and drilling is underway to explore deeper sections below the best results from K03. Drilling is ongoing to produce a maiden resource at Kachi in late CY2018.

A maiden drilling programme of lithium brines commenced in November 2017, although running sands caused drilling problems and a change of service provider. Since Feb/March 2018, rotary and diamond drill holes have been completed between 100 to 405 metres with slotted casing in place to allow testing and sampling. Conductive brines were intersected in aquifers from near surface to below 400m in different interlayered lithologies which are dominated by permeable sandy sediments. Initial indications from field hydraulic testing indicate high permeabilities for the sandy material, which will be further tested with the installation of large diameter production test bores and samples have been collected for porosity tests in a laboratory in the USA.

Brines with high density (1.18 - 1.22 g/cm3) have been intersected in thick sandy and gravelly aquifers, with the best results to date being 306 mg/L after 27 hours of airlifting from hole K03R03, installed with filters over an interval of 3 – 242 m. To date the lithium brines analysed show positive chemistry with low combined impurities (boron, sulphate, calcium, magnesium, iron).

A seismic geophysical survey has been undertaken using passive seismic techniques, with the aim of developing an understanding of basin geometry and thickness of the sediments hosting the brine. The distinct reflectors identified in the survey correlate well with dense lithologies such as a number of ignimbrite units within the predominantly sandy sediments. Drilling at K06 provides a correlation with the seismic survey and indicates the presence of unconsolidated sediments to a depth in excess of 500 m under gravel cover away from the areas of surface salt where drilling is currently being conducted and in excess of 600 m in the vicinity of site K03. Importantly the seismic survey also suggests the majority of the volcanic material visible at surface forms a thin veneer overlying lake sediments, which is very positive for the project as it further increases the volume of sediments that potentially host brines.

It is anticipated that following the release of the resource statement, a pre-feasibility study will commence assessing new direct extraction techniques to be reviewed in tandem with conventional methods Post 30 June, the Company announced a partnership to leverage Lilac Solutions's proprietary ion exchange technology (the "Lilac Technology") for the Kachi brine with the goal of establishing a rapid, robust, and low-cost process for producing lithium at Kachi. Lilac is initiating engineering work to confirm low operating costs for direct production of lithium carbonate or lithium chloride at Kachi using the Lilac Technology.

Olaroz/Cauchari & Paso Lithium Brine Projects - Jujuy Province, Argentina

Lake holds mining leases over ~45,000 hectares in two areas in Jujuy Province, in NW Argentina - Lake's Olaroz – Cauchari Lithium Brine Project and Paso Lithium Brine Project, both owned 100% by Lake.

Drilling is planned to commence in early October 2018 at Cauchari, to be followed later by Olaroz, once final approvals have been provided.

A landmark agreement was entered into with Jujuy Province, Argentina on 28 Feb 2018 that confirms tenure of Lake's ~45,000 hectares of mining leases at Olaroz-Cauchari and Paso. Lake's leases adjoin the production leases owned by Orocobre and SQM/Gangfeng/Lithium Americas and are in the same basin with strong potential to display lithium in the same aquifers. These prime lithium brine areas were applied for "pre-boom" by the entities acquired by Lake Resources.

In Cauchari, Lake's leases extend 11 km north-south of the adjoining SQM/Gangfeng/Lithium Americas and Advantage Lithium/Orocobre's Cauchari lithium development leases to the west. Advantage Lithium/Orocobre have recently reported a 6-fold increase in resources to 3 million tonnes LCE. Immediately across Lake's lease boundary, drill holes showed high-grade lithium brine results between 450-600 mg/L lithium with high flow rates of 19-35 litre/s (ORE.ASX release 29 June 2018). Lake is keen to replicate these results by targeting the same aquifers.

In Olaroz, Lake's leases extend 30 km north-south of the adjoining Orocobre's Olaroz lithium production leases to the east. Approvals are being sought to access and drill these areas.

Ground geophysics will commence as soon as possible prior to drill access. Substantial ground geophysics and drilling has been completed in the surrounding leases at Olaroz/Cauchari.

Significant corporate transactions continue in adjacent leases. Post 30 June, Gangfeng Lithium (#2 lithium producer) announced the US$237 million acquisition of SQM's 37% of the Cauchari project, together with Lithium Americas – and this project is located 450 metres from Lake's Cauchari project. Gangfeng plans to commence production in just over two years.

Catamarca Hardrock Pegmatite Project – Catamarca Province, Argentina

Lake held an option agreement with Petra Energy SA (now exercised post 30 June) over exploration leases and mining leases and applications over almost 72,000 hectares in a 150km long belt of outcropping pegmatites with lithium potential as spodumene within Catamarca Province, in NW Argentina.

A recent field programme (post 30 June) had reinforced the view that the 150 kilometre-long belt favourably hosts significant lithium mineralisation as spodumene in large pegmatite swarms. The lithium pegmatites are part of a newly recognised 150km long belt of pegmatite swarms outcropping at relatively low altitudes (300-1500m) in Ancasti, Catamarca province, which has good year-round access.

The transaction was announced on 1 March 2017 and the first tranche of 1,000,000 LKE shares were issued. The option agreement was initially for six months and had been extended under the same terms to allow completion of the formation of the Argentine entity. Post 30 June, a single tranche of 19 million ordinary LKE shares were issued to the vendors in late September 2018 to acquire 100% of the local company and the project, of which 50% of the shares will be escrowed for 6 months.

Recent field work (post 30 June) in the Ancasti area resulted in new exploration models being developed which clearly show potential for the belt to host large scale deposits. Previously, coarse grained spodumene crystals 30-70cm long had been identified in a number of locations. Further exploration activities will be conducted in FY2019. Field based XRF analysis to vector in on potential new targets will be undertaken first, followed by trenching and auger sampling. Drill locations will then be defined by these results.

Pakistan Copper/Gold
Lake holds an interest in a copper-gold project, the Chagai Project, in Pakistan. The Chagai Project is situated in the Tethyan magmatic arc, which extends from Turkey, through Iran into Pakistan and hosts a number of world-class copper gold deposits including the Saindak copper-gold mine and the giant Reko Diq copper-gold deposits. Previously, Colt Resources Middle East (CRME) and Aamir Resources Consultants could earn a majority interest in the Chagai project through exploration expenditure of US$1.9 million by 2018, which was not possible due to the lack of government security clearances for key personnel, among other issues. Lake Resources 27.5% interest in Chagai Resources (Pvt) Limited, a Pakistan incorporated operating entity, is held through a wholly owned Pakistan incorporated subsidiary, Lake Mining Pakistan (Pvt) Limited. During the year, no significant exploration activities were undertaken with further discussions planned.

Significant changes in the state of affairs
Equity of $4.5 million before costs (33.33 million LKE shares at $0.135), by way of private placement, was completed in March 2018, with an attached 1-for-2 option at $0.20 (16.66 million options, expiry 15 Dec 2018). On 4 April 2018 the Company issued 25,000,000 new Ordinary Shares in LKE at $0.05 per share following the conversion of Class A options, with an exercise price of $0.05. These funds were primarily to assist the exploration campaign in Argentina, focussed on the Kachi Lithium Brine Project but also included the retirement of the notes issued in November 2017 and for working capital requirements and corporate costs.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Lake exercised an option agreement in September 2018 with Petra Energy SA over leases and applications over almost 72,000 hectares of outcropping pegmatites with lithium potential as spodumene within Catamarca Province, in NW Argentina. A single tranche of 19 million ordinary LKE shares were issued to the vendors in late September 2018 to acquire 100% of the local company and the project, of which 50% of the shares will be escrowed for 6 months. The transaction was announced on 1 March 2017 and the first tranche of 1,000,000 LKE shares were issued.

Lake and Lilac Solutions, Inc. ("Lilac") announced in September 2018 that the companies have entered into a partnership to leverage Lilac's proprietary ion exchange technology (the "Lilac Technology") for the Kachi Lithium Brine with the goal of establishing a rapid, robust, and low-cost process for producing lithium at Kachi. Lilac has initiated engineering work to confirm low operating costs for direct production of lithium carbonate or lithium chloride at Kachi using the Lilac Technology. Lilac deploys unique ion exchange media and related processes to extract lithium from a wide variety of brine resources with high recoveries, minimal costs, and rapid processing times. Benchtop testing of other brines has indicated recoveries over 95% in less than 2 hours versus 9-24 months in evaporation ponds. This approach eliminates the need for evaporation ponds, which are expensive to build, slow to ramp up, and vulnerable to weather fluctuations.

Lake's $0.10 listed LKEO options (expiry 27 August 2018) were almost all converted to LKE ordinary shares in August/September 2018. The Company issued (in tranches) 17,915,783 new Ordinary Shares in LKE at $0.10 per share following the conversion of LKEO options, with an exercise price of $0.10. Approximately $0.8 million were converted by the holders and a further $1 million was subscribed by a New York based investor, Long State Investments.

Lake entered into a corporate advisory agreement with Long State Investments to assist in introducing Lake to Asian based investors, potential offtakers and strategic investors. The Company further agreed to an equity participation arrangement of $575,000 per quarter with Long State. The potential funding receivable by the Company under this arrangement, which is based upon the performance of its Shares, has no upper limit. Under the arrangement, the Company's participation will be determined and payable in 2 settlement tranches payable quarterly as measured against a Benchmark Price of $0.115 per share. If the measured share price exceeds the Benchmark Price, for that quarter, the Company will receive quarterly settlement on a pro rata basis, and vice versa should the measured share price be below the Benchmark Price

On 31 July 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides LKE with up to $4.5 million of standby equity capital over the coming 29 month period. Importantly, LKE retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on LKE to utilise the CPA and LKE may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on LKE raising capital through other methods. If LKE does decide to utilise the CPA, LKE is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by LKE and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of LKE's choosing (again at the sole discretion of LKE). As collateral for the CPA, LKE has agreed to place 15m shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The focus for the company is the continuation of drilling to produce further assay results at the Kachi Lithium Brine Project in the Catamarca province. Alongside this, the Company has announced that it intends to commence drilling at its 100% owned Cauchari Lithium Brine project in the Jujuy province after recent positive discussions with the relevant authorities in Argentina and confirmation of the drill hole locations for the drill program.

Environmental regulation

The consolidated entity is subject to and compliant with all aspects of environmental regulation of its exploration and mining actives. The directors are not aware of any environmental law that is not being complied with.

Information on directors

Name:	Stuart Crow
Title:	Non-Executive Chairman
Experience and expertise:	Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, salary packaging and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	3,534,600 Shares
Interests in options:	3,312,500 Options
Interests in rights:	None

Name:	Stephen Promnitz
Title:	Managing Director
Experience and expertise:	Mr Promnitz has considerable technical and commercial experience in Argentina, a geologist fluent in Spanish, and a history of exploring, funding and developing projects. Mr Promnitz has previously been CEO and 2IC of mid-tier listed mineral explorers and producers (Kingsgate Consolidated, Indochine Mining), in corporate finance roles with investment banks (Citi, Westpac) and held technical, corporate and management roles with major mining companies (Rio Tinto/CRA, Western Mining).
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	14,008,124 Shares
Interests in options:	5,625,511 Options
Interests in rights:	2,500,000 Performance Rights

Name:	Dr Nick Lindsay
Title:	Non-Executive Director
Experience and expertise:	Nick has over 25 years' experience in Argentina, Chile and Peru in technical and commercial roles in the resources sector with major and mid-tier companies, as well as start-ups. Nick has an BSc (Hons) degree in Geology, a PhD in Metallurgy and Materials Engineering as well as an MBA. A fluent Spanish speaker, he has successfully taken companies in South America, such as Laguna Resources which he led as Managing Director, from inception to listing, development and subsequent acquisition. Mr Lindsay is currently CEO of Manuka Resources Ltd, an unlisted company, having previously held the position of President – Chilean Operations for Kingsgate Consolidated Ltd and is a member of the AusIMM and the AIG.
Other current directorships:	Valour Resources Limited (ASX: VAL)
Former directorships (last 3 years):	Paradigm Metals Group (resigned June 2016) and Castillo Copper Limited (resigned August 2015)
Interests in shares:	None
Interests in options:	1,500,000 Options
Interests in rights:	None

Name:	Peter J. Gilchrist
Title:	Executive Director
Qualifications:	B.Eng(Civil), M.Eng Sc, MBA.
Experience and expertise:	Over 30 years experience as an engineer in mining, construction and manufacturing in Australia and USA. He is Executive Chairman of the Aquatec Maxcon Group, which manufacture and install water treatment equipment for a wide range of customers in the municipal, power and mining industries.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	21,104,048 (at date of resignation)
Interests in options:	None (at date of resignation)
Interests in rights:	None (at date of resignation)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Andrew Bursill became Company Secretary on 14 November 2016. Mr Bursill currently holds the position of Company Secretary for a number of publicly listed companies and has experience in accounting, administration, capital raisings and ASX compliance and regulatory requirements.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
S. Crow	2	2
S. Promnitz	2	2
N. Lindsay	2	2

Held: represents the number of meetings held during the time the director held office.

No board meetings were held for the period that P.J. Gilchrist was in office during the year.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The board policy is to remunerate directors at market rates for time, commitment, responsibilities and overall performance. 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 consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. The consolidated entity did not utilise the services of a remuneration consultant for the year.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The current non-executive directors' fees are determined within an aggregate directors' fee limit. The maximum current aggregate non-executive directors' fee limit stands at $350,000 per annum.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board of Directors based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Long Term Incentive (LTI) Plan
At the 2016 Annual General Meeting, the shareholders of the Company approved the Long Term Incentive (LTI) Plan. The main purpose of the plan is to give incentives to eligible participants (or their nominee) to provide dedicated and ongoing commitment and effort to the Company aligning the interest of both employees and shareholders and for the Company to reward eligible employees for their effort. The LTI Plan contemplates the issue to eligible employees of performance rights which may have milestones. Under the Plan, the Company allocated 8.5 million performance rights to two Directors, Mr Steve Promnitz (7.5 million) and Mr Stuart Crow (1 million). The performance shares were issued at nil consideration.
Mr Promnitz's performance shares vest on the following performance criteria:
a) a third vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications; criteria has been met and ordinary shares have been issued;
b) a third vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications; criteria has been met and ordinary shares have been issued; and
c) a third vest when the Company's market capitalisation reaches $22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time.

- a third vest when initial exploration can commence, triggered by commencement of the first ground based geophysical survey over a minimum of 10 tenement applications; criteria has been met and ordinary shares have been issued;
- a third vest when initial drilling can commence, triggered by the commencement of the first drill hole over a minimum of 10 of the tenement applications; criteria has been met and ordinary shares have been issued; and
- a third vest when the Company's market capitalisation reaches $22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time. Criteria has not yet been met.

Mr Crow's performance shares vest when the Company's market capitalisation reaches $22.287 million calculated based on the volume weighted average market price (VWAP) on the ASX over 20 day trading period multiplied by the number of shares on issue at the time, criteria has been met and ordinary shares have been issued.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')
In excess of 75% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Lake Resources NL:
- S. Crow (Non-Executive Chairman)
- S. Promnitz (Managing Director)
- N. Lindsay (Non-Executive Director)
- P.J. Gilchrist (resigned 18 July 2017)

And the following person:
- Andrew Bursill - Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits		
2018	Cash salary and fees $	Cash bonus $	Non-monetary*** $	Super-annuation $	Long service leave $	Performance Rights $	Total $
Non-Executive Directors:							
S. Crow	36,667	-	-	-	-	415,034	451,701
N. Lindsay*	28,900	-	-	-	-	207,517	236,417
Executive Directors:							
S. Promnitz	230,384	50,000	29,535	24,366	-	691,723	1,026,008
	295,951	50,000	29,535	24,366	-	1,314,274	1,714,126

* appointed 18 July 2017. N. Lindsay received $25,000 in directors fees and $3,900 in consulting fees as part of his cash salary and fees.
** Peter Gilchrist resigned 18 July 2017. He did not receive any consideration for his services in the year ended 30 June 2018.
*** includes provision for annual leave.

During the year, the consolidated entity paid Salaris Consulting Pty Ltd, a company associated with Stuart Crow (Director), consultancy services relating to capital raising. Total fees paid (excluding GST) to Salaris Consulting Pty Ltd for the consultancy services was $27,645 (2017: $28,160).

During the year, the Company engaged Franks & Associates Pty Ltd, a company associated with Andrew Bursill (Company Secretary) to provide company secretarial and accounting services. Total fees paid (excluding GST) to Franks & Associates Pty Ltd during the year was $123,588 (2017: $81,890).

These services are provided in normal commercial terms and conditions and no more favourable that those provided by other parties.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Cash bonus $	Non-monetary*** $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
S. Crow *	14,000	-	-	-	-	55,000	69,000
Executive Directors:							
S. Promnitz *	153,590	-	4,430	13,077	-	412,500	583,597
	167,590	-	4,430	13,077	-	467,500	652,597

* appointed on 14 November 2016.
** R. Johnson and J.G. Clavarino resigned as directors on 14 November 2016. R. Johnson, J.G. Clavarino and P.J. Gilchrist did not receive any remuneration for their services as directors in the year ended 30 June 2017.
*** includes provision for annual leave.

Andrew Bursill was appointed Company Secretary on 14 November 2016. The Company engaged Franks & Associates Pty Ltd, a company associated with Andrew Bursill to provide company secretarial and accounting services. Total fees paid (excluding GST) to Franks & Associates Pty Ltd in 2017 was $81,890.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2018	2017	2018	2017	2018	2017
Non-Executive Directors:						
S. Crow	8%	20%	-	-	92%	80%
N. Lindsay	12%	-	-	-	88%	-
Executive Directors:						
S. Promnitz	31%	29%	-	-	69%	71%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	S. Promnitz
Title:	Managing Director
Agreement commenced:	14 November 2016
Term of agreement:	Initial salary of $250,000 per annum, with a review point scheduled for 12 months from commencement date, subject to satisfactory performance. Incentive of 7,500,000 performance rights as approved by shareholders on 4 October 2016. If notice given by Company, the Company shall be liable to pay full compensation for a six month notice period. If notice is given by Mr Promnitz, the notice period is three months. Company shall have the right to choose whether Mr. Promnitz work his notice or paid in lieu of notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Non-executive director arrangements

All non-executive directors enter into an agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30 November 2017	30 November 2017	31 December 2020	$0.28	$0.138

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
S. Promnitz	5,000,000	30 Nov 2017	30 Nov 2017	31 Dec 2020	$0.28	$0.138
S. Crow	3,000,000	30 Nov 2017	30 Nov 2017	31 Dec 2020	$0.28	$0.138
N. Lindsay	1,500,000	30 Nov 2017	30 Nov 2017	31 Dec 2020	$0.28	$0.138

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of options granted during the year 2018	Number of options granted during the year 2017	Number of options vested during the year 2018	Number of options vested during the year 2017
S Promnitz	5,000,000	5,004,064	7,502,032	2,502,032
S Crow	3,000,000	1,250,000	3,625,000	625,000
N Lindsay	1,500,000	-	1,500,000	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
S Promnitz	691,723	-	-	69%
S Crow	415,034	-	-	92%
N Lindsay	207,517	-	-	89%

Performance rights
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of rights granted during the year 2018	Number of rights granted during the year 2017	Number of rights vested during the year 2018	Number of rights vested during the year 2017
Stuart Crow	-	1,000,000	1,000,000	-
Steve Promnitz	-	7,500,000	5,000,000	-

Additional information
The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2014 $	2015 $	2016 $	2017 $	2018 $
Net Loss	135,093	88,420	41,682	1,170,745	3,540,391
Net Assets	(57,397)	109,713	68,031	3,228,950	6,505,140
Share Price at Year End (cent)	1	1	1	3	9

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other *	Balance at the end of the year
Ordinary shares					
S. Crow	1,597,100	-	1,937,500	-	3,534,600
S. Promnitz	6,255,078	-	8,753,046	(1,000,000)	14,008,124
	7,852,178	-	10,690,546	(1,000,000)	17,542,724

No other directors and key management personnel holds shares in the company,

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
S. Crow	937,500	3,000,000	(625,000)	-	3,312,500
S. Promnitz	3,753,048	5,000,000	(2,502,032)	(625,505)	5,625,511
N. Lindsay (appointed 18 July 2018)*	-	1,500,000	-	-	1,500,000
	4,690,548	9,500,000	(3,127,032)	(625,505)	10,438,011

*   Represents balance at date of appointment

No other directors and key management personnel holds options in the company,

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Converted to shares	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
S. Crow	1,312,500	-	(1,312,500)	-	-
S. Promnitz	8,751,015	-	(6,251,015)	-	2,500,000
	10,063,515	-	(7,563,515)	-	2,500,000

No other directors and key management personnel holds performance rights in the company,

There have been no other transactions involving equity instruments apart from those described in the tables relating to options, right and shareholdings

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Lake Resources NL under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
14 November 2016	30 November 2018	$0.05	5,042,494
14 November 2016	21 October 2019	$0.05	6,250,000
27 February 2017	27 August 2018	$0.10	19,200,000
30 November 2017	31 December 2020	$0.28	9,500,000
15 June 2018	15 December 2018	$0.20	42,816,667
			82,809,161

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Lake Resources NL under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
14 November 2016	14 November 2021	$0.00	2,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Lake Resources NL were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
27 February 2017	$0.10	18,189,914

Shares issued on the conversion of performance rights
There were 18,500,000 ordinary shares of Lake Resources NL issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report. These performance rights were granted on 4 October 2016 and approved at a meeting of Shareholders.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Stanley & Williamson
There are no officers of the company who are former partners of Stanley & Williamson.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Stanley & Williamson continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Steve Promnitz
Director

28 September 2018

Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

As lead auditor for the audit of Lake Resources N.L. for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lake Resources N.L. and the entities it controlled during the year.

Kamal Thakkar

Partner

Stanley & Williamson

Sydney
28 September 2018

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

KRESTON

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General information

The financial statements cover Lake Resources NL as a consolidated entity consisting of Lake Resources NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lake Resources NL's functional and presentation currency.

Lake Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 2, Level 10, 70 Phillip Street
SYDNEY NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2018. The directors have the power to amend and reissue the financial statements.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the company's website : www.lakeresources.com.au

	Note	Consolidated 2018 $	2017 $
Expenses			
Depreciation and amortisation expense		(135)	-
Administrative expenses		(52,074)	(25,210)
Corporate expenses		(718,575)	(323,245)
Employee benefit expenses		(395,952)	(185,097)
Share based payments expense	25	(1,314,274)	(467,500)
Consultancy and legal costs		(310,975)	(169,693)
Loss before income tax expense		(2,791,985)	(1,170,745)
Income tax expense	5	(748,406)	-
Loss after income tax expense for the year attributable to the owners of Lake Resources NL	14	(3,540,391)	(1,170,745)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Lake Resources NL		(3,540,391)	(1,170,745)
		Cents	**Cents**
Basic earnings per share	24	(1.43)	(0.72)
Diluted earnings per share	24	(1.43)	(0.72)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	6	1,744,467	1,396,825
Trade and other receivables		33,308	34
Other current assets	7	48,873	13,292
Total current assets		1,826,648	1,410,151
Non-current assets			
Investments accounted for using the equity method	8	35	35
Property, plant and equipment		1,865	-
Exploration and evaluation	9	4,901,193	1,887,866
Total non-current assets		4,903,093	1,887,901
Total assets		6,729,741	3,298,052
Liabilities			
Current liabilities			
Trade and other payables	10	224,601	69,102
Borrowings	11	-	-
Total current liabilities		224,601	69,102
Total liabilities		224,601	69,102
Net assets		6,505,140	3,228,950
Equity			
Issued capital	12	18,342,102	12,346,866
Reserves	13	1,757,605	936,260
Accumulated losses	14	(13,594,567)	(10,054,176)
Total equity		6,505,140	3,228,950

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2016	8,946,465	4,997	(8,883,431)	68,031
Loss after income tax expense for the year	-	-	(1,170,745)	(1,170,745)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,170,745)	(1,170,745)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	3,262,901	-	-	3,262,901
Share-based payment - options	-	51,263	-	51,263
Share-based payment - performance shares	-	1,017,500	-	1,017,500
Transfer to share capital	137,500	(137,500)	-	-
Balance at 30 June 2017	12,346,866	936,260	(10,054,176)	3,228,950

Consolidated	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2017	12,346,866	936,260	(10,054,176)	3,228,950
Loss after income tax expense for the year	-	-	(3,540,391)	(3,540,391)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,540,391)	(3,540,391)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 12)	5,252,736	-	-	5,252,736
Share-based payments (note 25)	-	1,563,845	-	1,563,845
Transfer to share capital on conversion of performance rights	742,500	(742,500)	-	-
Balance at 30 June 2018	18,342,102	1,757,605	(13,594,567)	6,505,140

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers		(1,480,128)	(646,044)
Net cash used in operating activities	23	(1,480,128)	(646,044)
Cash flows from investing activities			
Net of cash acquired on acquisition of subsidiaries		-	2,535
Payments for property, plant and equipment		(2,000)	-
Payments for exploration and evaluation		(3,672,537)	(478,639)
Net cash used in investing activities		(3,674,537)	(476,104)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	12	4,044,239	2,600,763
Proceeds from borrowings	11	1,665,000	-
Repayment of borrowings	11	(175,000)	(156,000)
Payment of interest on borrowings		(31,932)	-
Net cash from financing activities		5,502,307	2,444,763
Net increase in cash and cash equivalents		347,642	1,322,615
Cash and cash equivalents at the beginning of the financial year		1,396,825	74,210
Cash and cash equivalents at the end of the financial year	6	1,744,467	1,396,825

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of $3,540,391 (2017: $1,170,745) and net cash outflows from operating and investing activities of $5,154,665 (2017: $1,122,148) for the year ended 30 June 2018. For the reasons described below, conditions exist that indicate there is a material uncertainty as to the consolidated entity's ability to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the sale of non-core assets and/or capital raising to fund its current operations through to 30 September 2019. The consolidated entity is reviewing various capital raising opportunities to meet its capital requirements.

Based on the cash flow forecasts and achieving all or some funding, the directors are confident that the consolidated entity will be able to continue as a going concern. The directors are confident in the consolidated entity's ability to fund its activities as mentioned based on past success in raising capital such as the capital raising completed in March 2018.

Should the consolidated entity be unable to raise capital or realise the sale of non-core assets, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Lake Resources NL) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 21.

Note 1. Significant accounting policies (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Lake Resources NL's functional and presentation currency.

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.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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.

Note 1. Significant accounting policies (continued)

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.

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.

(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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities
Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so the loss events that have occurred are duly considered.

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.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense (income) 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. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant tax 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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled and 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.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Interest in joint arrangements
Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest in net assets are classified as a joint venture and accounted for using the equity method of accounting , whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture.

Exploration and development expenditure
Exploration, evaluation and development expenditure incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

Costs of site restoration are provided over the life of the project 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 local laws and regulations and clauses of the 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.

Impairment of assets
At each reporting date, the company assesses whether there is any indication that an set may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the assets carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Fair Value of Assets and Liabilities
The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis after initial recognition, depending in the requirements of the applicable Accounting Standard. Currently though there are no assets or liabilities measured at fair value.

Fair value is the price the Company would receive to see an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuations techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 1. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Lake Resources NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
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.

Equity Settled Compensation
The company makes equity-settled share-based payments to directors, employees and other parties for services provided. The fair value of the equity is measured at grant date and recognised as an asset or as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity adopted this standard from 1 July 2018 and its adoption will not have a material impact on the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity adopted this standard from 1 January 2018 and its adoption will not have a material impact on the consolidated entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Going concern
The most critical accounting estimate/judgment used in preparing the financial statements is the going concern basis - see note 1 Basis of Preparation above.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Operating segments

Segment Information
The company currently operates entirely in the mineral exploration industry with interests in Argentina (previously 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 financial statements.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2018 $	2017 $	2018 $	2017 $
Argentina	-	-	5,674,457	1,887,866
Pakistan	-	-	35	35
	-	-	5,674,492	1,887,901

Note 4. Expenses

	Consolidated 2018 $	Consolidated 2017 $
Loss before income tax includes the following specific expenses:		
Net foreign exchange loss		
Net foreign exchange loss	5,932	2,847
Superannuation expense		
Defined contribution superannuation expense	24,366	13,077

Note 5. Income tax expense

	Consolidated 2018 $	Consolidated 2017 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,791,985)	(1,170,745)
Tax at the statutory tax rate of 27.5%	(767,796)	(321,955)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	361,425	128,563
	(406,371)	(193,392)
Future income tax benefit of tax losses not brought to account	406,371	193,392
Tax expense in relation VAT in Argentina - amount only recoverable when sales generated	748,406	-
Income tax expense	748,406	-

The Company has unrecouped, unconfirmed carry forward tax losses of approximately $11.7 million (2017: $10.3 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.

Note 6. Current assets - cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank and on hand	1,744,467	1,396,825

Note 7. Current assets - other current assets

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	48,873	13,292

Note 8. Non-current assets - investments accounted for using the equity method

Lake Resources NL (the parent) holds a 27.5% interest through its subsidiary in Chagai Resources (Pvt) Ltd, a joint arrangement between the group and two other parties. The principal place of business is Pakistan and the primary purpose is mineral exploration. The exploration licences held have a three year term to June 2018 and are renewable for 2 further periods of 3 years to June 2024. The Group's interest is equity accounted and the Group's investment represents its share of net assets.

	Consolidated	
	2018	**2017**
	$	**$**
Equity accounted investment	35	35

The initial financial contribution to the entity will be a minimum of US$1.9 million by the major party, Colt Resources Middle East, to be expended on exploration of the licences by 2018. Through further contributions the major party's interest in the project can increase, with Lake's ultimate interest settling at 15%. If the initial contribution is not made and/or Chagai Resources fails to expend the contribution on exploration of the licence areas within
3 years, then the Group will resume 100% ownership of Chagai Resources.

During the year no significant exploration activities were undertaken.

Note 9. Non-current assets - exploration and evaluation

	Consolidated	
	2018	**2017**
	$	**$**
Exploration and evaluation assets - at cost	4,901,193	1,887,866

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation assets $
Balance at 1 July 2016	-
Additions - direct exploration costs	538,639
Additions through business combinations	1,349,227
Balance at 30 June 2017	1,887,866
Additions - direct exploration costs	3,013,327
Balance at 30 June 2018	4,901,193

Exploration and evaluation costs are carried forward in the statement of financial position as detailed in accounting policy note 1 Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals.

Note 10. Current liabilities - trade and other payables

	Consolidated 2018 $	Consolidated 2017 $
Sundry creditors and accrued expenses	224,601	69,102

Refer to note 16 for further information on financial instruments.

Note 11. Current liabilities - borrowings

	Consolidated 2018 $	Consolidated 2017 $
Loan Notes	-	-

During the year, the Company announced the Company had raised $1.665 million the issue of 1,665,000 unsecured notes (Notes) to sophisticated and professional investors. The Notes issued were debt securities and were not convertible into ordinary shares.

A summary of the key terms of the Notes are set out below:

Denomination:	The Notes were issued fully paid with a face value of $1.00 per Note.
Maturity Date:	23 March 2018 (Maturity Date).
Interest Rate:	The Notes attract interest at 5.0% per annum, payable at maturity (or any earlier redemption).
Status and Ranking:	The Notes rank equally with all other direct, unsubordinated and unsecured obligations of the Issuer.

In addition, subject to compliance with the Corporations Act , ASX Listing Rules and relevant regulations, during the 30 days prior to the Maturity Date (Election Period), a Holder may elect to apply for ten (10) options for every Note held (Application), on the basis that such Notes are held through the Election Period and up until immediately prior to the Maturity Date.

During the year, the Notes were repaid through a combination of a repayment in cash, offset against the issue of shares in the Company's March 2018 share placement, and offset against the payment of the exercise price for $0.05 options as outlined below:

Notes repaid through cash	$ 175,000
Notes offset against issue of shares	$ 240,000
Notes offset against exercise of options	$ 1,250,000

Note 12. Equity - issued capital

	Consolidated 2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	305,683,867	227,493,026	18,342,102	12,346,866

Note 12. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2016	95,876,034	8,946,465
Capital raising	14 November 2016	25,000,000	500,000
Issue of shares - vendors of Lith NRG Pty Ltd	14 November 2016	50,000,000	550,000
Issue of shares - loan providers of Lith NRG Pty Ltd	14 November 2016	2,000,000	40,000
Capital raising	21 December 2016	16,116,992	1,047,604
Capital raising	27 February 2017	24,000,000	1,200,000
Issue of shares - share-based payment	27 February 2017	2,000,000	110,000
Conversion of performance shares	5 June 2017	12,500,000	137,500
Capital raising costs		-	(184,703)
Balance	30 June 2017	227,493,026	12,346,866
Exercise of options	7 December 2017	150,000	15,000
Conversion of performance shares	8 December 2017	6,000,000	330,000
Issue of shares - placement	27 March 2018	29,011,110	3,916,500
Issue of shares - conversion of notes	27 March 2018	4,322,225	583,500
Exercise of options - cash payment	4 April 2018	25,000,000	1,250,000
Conversion of performance shares	24 April 2018	12,500,000	412,500
Exercise of options	24 April 2018	1,207,506	60,375
Capital raising costs - cash		-	(323,068)
Capital raising costs - share based payments		-	(249,571)
Balance	30 June 2018	305,683,867	18,342,102

Performance rights (note that the valuation for the performance rights are recognised in performance rights reserve)

Details	Date	Performance rights	$
Balance	1 July 2016	-	-
Issue of performance rights - vendors of LithNRG	14 November 2016	50,000,000	550,000
Issue of performance rights - LTI	14 November 2016	8,500,000	467,500
Lapsed - Tranche 1 (issued to vendor of LithNRG)	5 June 2017	(25,000,000)	-
Converted to share capital	5 June 2017	(12,500,000)	(137,500)
Balance	30 June 2017	21,000,000	880,000
Conversion to share capital	8 December 2017	(6,000,000)	(330,000)
Conversion to share capital	24 April 2018	(12,500,000)	(412,500)
Balance	30 June 2018	2,500,000	137,500

Note 12. Equity - issued capital (continued)

Options (note that the valuation for the options are recognised in option reserve)

Details	Date	Options	$
Balance	1 July 2016	-	-
Issued in relation to acquisition of LithNRG	14 November 2016	50,000,000	1,401
Issued to brokers in relation to services for capital raising	21 December 2016	1,539,250	8,634
Issued to brokers in relation to services for capital raising	27 February 2017	7,350,000	41,228
Issued in relation to shares issued on capital raising	27 February 2017	12,000,000	-
Lapsed of Class B options (relating to acquisition of LithNRG)		(12,500,000)	-
Balance	30 June 2017	58,389,250	51,263
Issued to directors	30 November 2017	9,500,000	1,314,274
Exercise of options	7 December 2017	(150,000)	-
Exercise of options	4 April 2018	(25,000,000)	-
Exercise of options	24 April 2018	(1,207,506)	-
Issued to brokers in relation to services for capital raising	9 May 2018	9,500,000	249,571
Issued to shareholders in relation to capital raising	15 June 2018	33,316,667	-
Options lapsed	18 June 2018	(1,539,250)	-
Balance	30 June 2018	82,809,161	1,615,108

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
Exploration companies such as Lake Resources NL are funded primarily by share capital. The Company's capital comprises share capital supported by financial assets and financial liabilities.

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.

Note 13. Equity - reserves

	Consolidated 2018 $	Consolidated 2017 $
Capital profits reserve	4,997	4,997
Options reserve	1,615,108	51,263
Performance rights reserve	137,500	880,000
	1,757,605	936,260

Note 13. Equity - reserves (continued)

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

Option reserve
The option reserve is to recognise the fair value of options issued for share based payment to employees and service providers in relation to the supply of goods or services.

Performance rights reserve
The performance rights reserve is to recognise the fair value of performance rights issued to employees and vendors in relation to the supply of goods or services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Capital profit reserve $	Option reserve $	Performance rights reserve $	Total $
Balance at 1 July 2016	4,997	-	-	4,997
Share-based payments - issue of options	-	51,263	-	51,263
Share-based payments - issued to vendors of Lith NRG	-	-	550,000	550,000
Share-based payments - issued as long term incentives	-	-	467,500	467,500
Transferred to share capital conversion	-	-	(137,500)	(137,500)
Balance at 30 June 2017	4,997	51,263	880,000	936,260
Share-based payments - issue of options to directors	-	1,314,274	-	1,314,274
Share-based payments - issued to brokers in relation to capital raising	-	249,571	-	249,571
Transferred to share capital on conversion	-	-	(742,500)	(742,500)
Balance at 30 June 2018	4,997	1,615,108	137,500	1,757,605

Note 14. Equity - accumulated losses

	Consolidated 2018 $	Consolidated 2017 $
Accumulated losses at the beginning of the financial year	(10,054,176)	(8,883,431)
Loss after income tax expense for the year	(3,540,391)	(1,170,745)
Accumulated losses at the end of the financial year	(13,594,567)	(10,054,176)

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed.

Note 16. Financial instruments (continued)

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

In order to protect against adverse exchange rate movements, the consolidated entity has set up a foreign bank account (USD) which is used to fund its exploration activities in Argentina.

The carrying amount of the consolidated entity's foreign currency denominated financial assets at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2018 $**	**2017 $**	**2018 $**	**2017 $**
US dollars	186,634	329,121	-	-

A sensitivity analysis of the movement in exchange rate (based on the closing balance of the asset) is presented below

		AUD strengthened			AUD weakened	
Consolidated - 2018	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
USD assets	1%	1,866	1,866	1%	(1,866)	(1,866)

		AUD strengthened			AUD weakened	
Consolidated - 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
USD assets	1%	3,291	3,291	(1%)	(3,291)	(3,291)

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
Currently the consolidated entity does not have any external borrowings subject to variable rates and therefore has minimal interest rate risk.

Credit risk
The consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Note 16. Financial instruments (continued)

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity only deposit its cash and cash equivalent with the major banks in Australia.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Cash and cash equivalent	-	1,744,467	-	-	-	1,744,467
Other payables	-	(224,601)	-	-	-	(224,601)
Total non-derivatives		1,519,866	-	-	-	1,519,866

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Cash and cash equivalent	-	1,392,285	-	-	-	1,392,285
Trade payables	-	(69,102)	-	-	-	(69,102)
Total non-derivatives		1,323,183	-	-	-	1,323,183

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Directors
The following persons were directors of Lake Resources NL during the financial year:

S. Crow (Non-Executive Chairman)
S. Promnitz (Managing Director)
N. Lindsay (appointed 18 July 2017)
P.J. Gilchrist (resigned 18 July 2017)

Note 17. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	375,486	172,020
Post-employment benefits	24,366	13,077
Share-based payments	1,314,274	467,500
	1,714,126	652,597

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stanley & Williamson, the auditor of the company:

	Consolidated	
	2018 $	2017 $
Audit services - Stanley & Williamson (2017: Nexia Brisbane Audit Pty Ltd)		
Audit or review of the financial statements	22,000	23,000

Note 19. Related party transactions

Parent entity
Lake Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2018 $	2017 $
Payment for goods and services:		
Company secretarial and accounting services paid to Franks & Associates Pty Ltd, a company associated with Andrew Bursill (Company Secretary)	123,588	81,890
Consultancy services relating to capital raising paid to Salaris Consulting Pty Ltd, a company associated with Stuart Crow (Director)	27,645	28,160
Other transactions:		
Repayment of borrowings to the vendors of Lith NRG Pty Ltd	-	258,000

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 19. Related party transactions (continued)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
Loss after income tax	(3,206,124)	(1,170,746)
Total comprehensive income	(3,206,124)	(1,170,746)

Statement of financial position

	Parent	
	2018	**2017**
	$	**$**
Total current assets	1,678,519	1,405,610
Total assets	7,064,006	3,298,052
Total current liabilities	224,599	69,102
Total liabilities	224,599	69,102
Equity		
Issued capital	18,342,102	12,346,866
Capital profits reserve	4,997	4,997
Options reserve	1,615,108	51,263
Performance rights reserve	137,500	880,000
Accumulated losses	(13,260,300)	(10,054,176)
Total equity	6,839,407	3,228,950

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017

Contingent liabilities
The parent entity had no contingent liability as at 30 June 2018 and 30 June 2017

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Note 20. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Lake Mining Pakistan (Pvt) Limited *	Pakistan	100.00%	100.00%
LithNRG Pty Ltd	Australia	100.00%	100.00%
Minerales Australes SA **	Argentina	100.00%	100.00%
Morena del Valle Minerals SA **	Argentina	100.00%	100.00%

* The subsidiary was incorporated on 4 December 2014. The subsidiary has share capital consisting solely of ordinary shares which are held directly by the group. The proportion of ownership interests held equals the voting rights held by the group. The subsidiary's principal place of business is also its country of incorporation.

** Interest is held through LithNRG Pty Ltd

Note 22. Events after the reporting period

Lake exercised an option agreement in September 2018 with Petra Energy SA over leases and applications over almost 72,000 hectares of outcropping pegmatites with lithium potential as spodumene within Catamarca Province, in NW Argentina. A single tranche of 19 million ordinary LKE shares were issued to the vendors in late September 2018 to acquire 100% of the local company and the project, of which 50% of the shares will be escrowed for 6 months. The transaction was announced on 1 March 2017 and the first tranche of 1,000,000 LKE shares were issued.

Lake and Lilac Solutions, Inc. ("Lilac") announced in September 2018 that the companies have entered into a partnership to leverage Lilac's proprietary ion exchange technology (the "Lilac Technology") for the Kachi Lithium Brine with the goal of establishing a rapid, robust, and low-cost process for producing lithium at Kachi. Lilac has initiated engineering work to confirm low operating costs for direct production of lithium carbonate or lithium chloride at Kachi using the Lilac Technology. Lilac deploys unique ion exchange media and related processes to extract lithium from a wide variety of brine resources with high recoveries, minimal costs, and rapid processing times. Benchtop testing of other brines has indicated recoveries over 95% in less than 2 hours versus 9-24 months in evaporation ponds. This approach eliminates the need for evaporation ponds, which are expensive to build, slow to ramp up, and vulnerable to weather fluctuations.

Lake's $0.10 listed LKEO options (expiry 27 August 2018) were almost all converted to LKE ordinary shares in August/September 2018. The Company issued (in tranches) 17,915,783 new Ordinary Shares in LKE at $0.10 per share following the conversion of LKEO options, with an exercise price of $0.10. Approximately $0.8 million were converted by the holders and a further $1 million was subscribed by a New York based investor, Long State Investments.

Lake entered into a corporate advisory agreement with Long State Investments to assist in introducing Lake to Asian based investors, potential offtakers and strategic investors. The Company further agreed to an equity participation arrangement of $575,000 per quarter with Long State. The potential funding receivable by the Company under this arrangement, which is based upon the performance of its Shares, has no upper limit. Under the arrangement, the Company's participation will be determined and payable in 2 settlement tranches payable quarterly as measured against a Benchmark Price of $0.115 per share. If the measured share price exceeds the Benchmark Price, for that quarter, the Company will receive quarterly settlement on a pro rata basis, and vice versa should the measured share price be below the Benchmark Price

On 31 July 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides LKE with up to $4.5 million of standby equity capital over the coming 29 month period. Importantly, LKE retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on LKE to utilise the CPA and LKE may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on LKE raising capital through other methods. If LKE does decide to utilise the CPA, LKE is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by LKE and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of LKE's choosing (again at the sole discretion of LKE). As collateral for the CPA, LKE has agreed to place 15m shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax expense for the year	(3,540,391)	(1,170,745)
Adjustments for:		
Depreciation and amortisation	135	-
Share-based payments	1,314,274	467,500
Tax expense for VAT not recoverable	748,406	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(6,649)	13,905
Increase in other current assets	(35,580)	(12,222)
Increase in trade and other payables	39,677	55,518
Net cash used in operating activities	(1,480,128)	(646,044)

Note 24. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax attributable to the owners of Lake Resources NL	(3,540,391)	(1,170,745)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	248,295,795	162,386,890
Weighted average number of ordinary shares used in calculating diluted earnings per share	248,295,795	162,386,890
	Cents	**Cents**
Basic earnings per share	(1.43)	(0.72)
Diluted earnings per share	(1.43)	(0.72)

Note 25. Share-based payments

On 30 November 2017, the Company granted 9,500,000 options to the directors of the company following the approval from shareholders. These options are exercisable at $0.28 each, and expire on 31 December 2020. A total share-based payment of $1,314,274 has been recognised as an expense in the profit or loss.

On 9 May 2018, the Company granted 9,500,000 options to brokers as part of the capital raising services. These options are exercisable at $0.20 each and expire on 15 December 2018. A total share-based payments of $249,571 has been recognised as part of the capital raising costs within the share capital / equity.

Note 25. Share-based payments (continued)

Set out below are summaries of options granted under share-based payments arrangement:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/11/2016	04/04/2018	$0.05	25,000,000	-	-	(25,000,000)	-
14/11/2016	30/11/2018	$0.05	6,250,000	-	(1,207,506)	-	5,042,494
14/11/2016	21/10/2019	$0.05	6,250,000	-	-	-	6,250,000
21/12/2016	14/07/2018	$0.10	1,539,250	-	-	-	1,539,250
27/02/2017	27/08/2018	$0.10	7,350,000	-	-	-	7,350,000
30/11/2017	31/12/2020	$0.28	-	9,500,000	-	-	9,500,000
09/05/2018	15/12/2018	$0.20	-	9,500,000	-	-	9,500,000
			46,389,250	19,000,000	(1,207,506)	(25,000,000)	39,181,744
Weighted average exercise price			$0.06	$0.24	$0.05	$0.05	$0.15

All options are vested and exercisable at the end of the year.

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/11/2016	04/04/2018	$0.05	-	25,000,000	-	-	25,000,000
14/11/2016	14/05/2018	$0.05	-	12,500,000	-	(12,500,000)	-
14/11/2016	30/11/2018	$0.05	-	6,250,000	-	-	6,250,000
14/11/2016	21/10/2019	$0.05	-	6,250,000	-	-	6,250,000
21/12/2016	14/07/2018	$0.10	-	1,539,250	-	-	1,539,250
27/02/2017	27/08/2018	$0.10	-	7,350,000	-	-	7,350,000
			-	58,889,250	-	(12,500,000)	46,389,250
Weighted average exercise price			$0.00	$0.06	$0.00	$0.05	$0.06

* The option vest on the condition the exploration for 50% of Jujuy is approved. The option expires 18 months after the condition has been met.

The weighted average exercise price during the financial year was $0.06.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.0 years (2017: 1.2 years)

Set out below are summaries of performance rights:

2018

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to shares	Expired/ forfeited/ other	Balance at the end of the year
14/11/2016	04/10/2021	12,500,000	-	(12,500,000)	-	-
14/11/2016	14/11/2021	8,500,000	-	(6,000,000)	-	2,500,000
		21,000,000	-	(18,500,000)	-	2,500,000

None of the outstanding performance rights are exercisable / vested. There were no performance rights issued during the year.

Note 25. Share-based payments (continued)

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/11/2016	06/04/2017	$0.00	-	25,000,000	-	(25,000,000)	-
14/11/2016	04/10/2021	$0.00	-	12,500,000	(12,500,000)	-	-
14/11/2016	04/10/2021	$0.00	-	12,500,000	-	-	12,500,000
14/11/2016	14/11/2021	$0.00	-	8,500,000	-	-	8,500,000
			-	58,500,000	(12,500,000)	(25,000,000)	21,000,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 4.3 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/11/2017	31/12/2020	$0.19	$0.28	136.00%	-	2.15%	$0.138
09/05/2018	15/12/2018	$0.11	$0.20	136.00%	-	2.15%	$0.026

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Steve Promnitz
Director

28 September 2018

Independent Auditor's Report
To the Members of Lake Resources N.L.

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Lake Resources N.L. (the Company) and its controlled entities (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001* including:

i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Consolidated Entity has incurred net losses after tax of $3,540,391 (2017: $1,170,745) and net cash outflows from operating and investing activities of $5,177,658 (2017: $1,122,148) for the year ended 30 June 2018. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of the uncertainty regarding events or conditions casting significant doubt in the Consolidated Entity's assessment of going concern. This included:

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Partners **MA Goodrick** > **DM O'Malley** > **Q Tat** > **BR Barter** > **K Thakkar**

- analysing cash flow forecasts by evaluating the underlying data used to generate the projections and assessing the planned level of cash outflows and inflows Consolidated Entity's past results, intentions and our understanding of business, industry and economic conditions of the Consolidated Entity;
- reviewing directors' minutes and relevant correspondence with the Consolidated Entity's advisors to understand the Consolidated Entity's ability to raise additional shareholder funds;
- evaluating the Consolidated Entity's going concern disclosure in the financial report and comparing it to our understanding of the matter, the events and conditions incorporated into the cash flow projection assessment, the Consolidated Entity's plans to address those events and the Accounting Standard requirements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter and why it was considered to be a matter of most significance in the audit	How the key audit matter was addressed in the audit
Exploration and evaluation assets	
As at 30 June 2018, the Consolidated Entity has capitalised $4,901,193 of exploration and evaluation expenditure as disclosed in Note 9. Significant judgment is applied in determining the treatment of exploration and evaluation expense including: • whether the conditions for capitalisation are satisfied; • which elements of exploration and evaluation expenditures qualify for recognition; and • whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. As the carrying value of exploration and evaluation assets represents a significant asset of the Consolidated Entity, we considered it necessary to assess whether facts and circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.	Our procedures included, but were not limited to: • obtaining a schedule of the areas of interest held by the Consolidated Entity and assessing whether the rights to tenure of those areas of interest remained current at balance date; • holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; • assessing whether any such areas of interest reached a stage where a reasonable assessment of recoverable reserves existed; and • assessing whether any factors or circumstances existed to suggest impairment testing was required. We also asses the appropriateness of the disclosures included in Note 9 to the financial statements.

Other information

Other information comprises financial and non-financial information included in the Consolidated Entity's annual report for the year ended 30 June 2018 which is provided in addition to the financial report and the auditor's report. The directors are responsible for the other information.

Our opinion on the financial report does not cover the other information and accordingly we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact and based on the other information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion the Remuneration Report of Lake Resources N.L for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Stanley & Williamson

Stanley & Williamson

KThakkar

Kamal Thakkar
Partner

Sydney
28 September 2018

The shareholder information set out below was applicable as at 19 September 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	Listed Options Exercise price $0.20, Expiry 15/12/2018	Unlisted Class C Options Exercise price $0.05, Expiry 30/11/2018	Unlisted Class D Options Exercise price $0.05, Expiry 21/10/2019	Unlisted Options Exercise price $0.28, Expiry 31/12/2020	Perf. Rights – LTI Expiry 14/11/2021
Number of holders						
1 to 1,000	45	-	1	1	-	-
1,001 to 5,000	300	1	-	-	-	-
5,001 to 10,000	381	-	-	-	-	-
10,001 to 100,000	991	50	1	1	-	-
100,001 and over	335	67	11	11	3	2
	2,052	118	13	13	3	2
Holding less than a marketable parcel	373	8	1	1	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MS JUSTINE MICHEL (LAMBRECHT INVESTMENT A/C)	21,284,326	6.96
ACUITY CAPITAL INESTMENT MANAGEMENT PTY LTD	15,000,000	4.91
MR STEPHEN PROMNITZ	14,008,124	4.58
202 LIMITED	13,190,758	4.32
OUTBACK FORMWORK PTY LTD (WILLATON SUPER FUND A/C)	9,854,686	3.22
WILLATON PROPERTIES PTY LTD	9,658,548	3.16
RAYMOND JAMES (JAMES SUPERANNUATION FUND)	8,333,333	2.73
FLUID INVESTMENTS PTY LTD	6,474,999	2.12
M & E EARTHMOVING PTY LTD	5,263,158	1.72
KEMKAY PTY LTD	5,122,560	1.68
MR ADAM FURST	5,057,165	1.65
MS AINSLEY RUTH WILLIAMS	4,783,333	1.56
BUSHFLY AIR CHARTER PTY LTD (JOHNSTON SUPER FUND A/C)	4,357,445	1.43
AJMVM PTY LTD	4,005,807	1.31
COVE STREET PTY LTD (THE COVE STREET A/C)	3,768,339	1.23
MR GEOFFREY STUART CROW	3,500,000	1.14
BENSONS OF BRISBANE PTY LTD (BENSONS JEWELLERY S/F A/C)	3,432,224	1.12
CITICORP NOMINEES PTY LIMITED	3,419,280	1.12
MR ANDREW STEPHEN WILLIAM BROWN & MR IAIN RAYMOND BROWN	3,252,117	1.06
MRS ELIZABETH MARGARET GILCHRIST	3,090,730	1.01
	146,856,932	48.03

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	LKEOA Listed Options Number held	LKEOA Listed Options % of total Listed Options issued
MELSHARE NOMINEES PTY LTD	5,000,000	11.68
LTL CAPITAL PTY LTD	4,881,482	11.40
WILLATON PROPERTIES PTY LTD	3,055,555	7.14
MR KERRY WILLIAM JOHN HARRIS	2,500,000	5.84
LAMBRECHT INVESTMENT	2,500,000	5.84
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	1,481,481	3.46
CHALLMAN INVESTMENTS PTYLTD CHALLMAN INVESTMENTS PTYLTD	1,370,370	3.20
MR ADAM FURST	1,370,370	3.20
JAMES SUPERANNUATION FUND	1,250,000	2.92
RAYMOND JAMES (JAMES SUPERANNUATION FUND)	1,250,000	2.92
AJMVM PTY LTD	1,000,000	2.34
MR RICHARD ARTHUR LOCKWOOD	740,741	1.73
FLUID INVESTMENTS PTY LTD	650,000	1.52
WHITE SWAN NOMINEES PTY LTD	550,000	1.28
MYOORA PTY LTD	500,000	1.17
MR GEOFFREY STUART CROW	500,000	1.17
MS JUSTINE MICHEL (LAMBRECHT INVESTMENT A/C)	500,000	1.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	444,445	1.04
OODACHI PTY LTD (P & M KERR FAMILY A/C)	444,444	1.04
QUEENSLAND M M PTY LTD (SUPERANNUATION A/C)	375,000	0.88
HARTNELL NOMINEES PTY LTD (PLACEMENT A/C)	370,370	0.87
BENSONS OF BRISBANE PTY LTD (BENSONS JEWELLERY S/F A/C)	370,370	0.87
CLELAND PROJECTS PTY LTD	370,000	0.86
MR BENJAMIN SKUBRIS	342,593	0.80
MRS NATALIE ROBERTS SKUBRIS	342,593	0.80
MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN (SUPER ACCOUNT)	314,815	0.74
789 PTY LTD	296,300	0.69
	32,770,929	76.57

Unquoted equity securities

	Number on issue
$0.05 UNLISTED OPTIONS, EXPIRY 30/11/2018	5,042,494
$0.05 UNLISTED OPTIONS, EXPIRY 21/10/2019	6,250,000
$0.28 UNLISTED OPTIONS, EXPIRY 31/12/2020	9,500,000
PERFORMANCE RIGHTS – LTI (T1)	2,500,000

The following persons hold 20% or more of unquoted equity securities:

Name	**Class**	**Number held**
GEOFFREY STUART CROW	$0.28 UNLISTED OPTIONS, EXPIRY 31/12/2020	3,000,000
STEPHEN PROMNITZ	$0.28 UNLISTED OPTIONS, EXPIRY 31/12/2020	5,000,000
STEPHEN PROMNITZ	PERFORMANCE RIGHTS – LTI	2,500,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
LAMBRECHT INVESTMENT TRUST	21,284,326	6.96

* based on substantial shareholder notices lodged with the ASX and the latest share register holder details.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities holding voting rights.