



Lake Resources NL

ABN 49 079 471 980

**Annual Financial Statements
For the year ended 30 June 2022**

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Lake Resources NL

ABN 49 079 471 980

Annual report - 30 June 2022

Corporate directory	1
Directors' report	2
Auditor's Independence Declaration	39
Financial report	
Consolidated statement of profit or loss and other comprehensive income	40
Consolidated statement of Financial Position	41
Consolidated statement of changes in equity	42
Consolidated statement of cash flows	43
Note to the consolidated financial statements	44
Directors' declaration	94
Independent auditor's report to the members	95

Lake Resources NL
Corporate directory

Directors

S. Crow
Executive Chairman

N. Lindsay
Executive Technical Director

R. Trzebski
Non Executive Director

A. Saenz (appointed 28 July 2021)
Non Executive Director

D. Dickson (appointed 15 September 2022)
Managing Director

Company Secretary

Peter Neilsen

Principal registered office and Principal Place of Business

Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: +61 2 92999690

Share register

Automic Registry
Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: 1300 288 664

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane Qld 4000

Solicitors

HopgoodGanim Lawyers
Level 8, Waterfront Place, 1 Eagle Street
Brisbane Qld 4000

Bankers

National Australia Bank

Stock exchange listings

Australian Securities Exchange (ASX code: LKE)
OTC QB: LLKKF

Website address

www.lakeresources.com.au

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Your Directors present their report on the Consolidated entity consisting of Lake Resources NL and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors and company secretary

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, Executive Chairman
N. Lindsay, Executive Technical Director
R. Trzebski, Non Executive Director
S. Promnitz, Managing Director (resigned 17 June 2022)
A. Saenz, Non Executive Director (appointed 28 July 2021)
D. Dickson, Managing Director (appointed 15 September 2022)

The company secretary and Chief Financial Officer is Mr Peter Neilsen. Mr Peter Neilsen was appointed to the position of company secretary and Chief Financial Officer in July 2021 after Mr Garry Gill resigned from the position on the 13 July 2021.

Principal activities

During the year the principal continuing activities of the Consolidated entity consisted of:

- (a) Exploration and development of lithium brine projects in Argentina.

Dividends

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

Review of operations

The loss from ordinary activities after income tax amounted to \$5,683,095 (2021 loss: \$2,894,223).

Corporate Strategy

As a clean lithium developer Lake Resources NL (ASX: LKE; OTC:LLKKF) is bringing forward a US\$15 million program across its three 100-percent owned projects - Olaroz, Cauchari and Paso - for drilling and brine testing to fast-track these projects into feasibility studies in the TARGET 100 Program.

Lake has initiated an expansion and integration strategy to fast-track its portfolio of assets in Argentina to deliver the TARGET 100 Program - being the aspirational goal to produce annually 100,000 tonnes of high purity lithium to market by 2030.

A separate exploration and testing team dedicated to rapid development across Lake's three other brine projects in Argentina will be utilising the comprehensive data set developed during the Kachi project's direct extraction processing test work.

The drilling program has started with the first rotary well of a 4000m 10-hole program, in the northern areas of the Olaroz leases, which cover a 30km long area on the eastern side of established lithium producers. These projects are located in Jujuy province, in the north-west of Argentina, close to the Allkem (Orocobre) Olaroz operation and the Lithium Americas - Ganfeng JV Cauchari project. The drill wells are designed to quickly quantify brines identified, develop the aquifers, and conduct pumping tests and provide data for initial feasibility studies. Rotary wells will be followed later by diamond holes.

Brines will be sampled and tested with environmentally friendly direct lithium extraction method, similar to previous work conducted on Kachi project lithium brines.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Corporate Strategy (continued)

Direct lithium extraction, to be used on Lake's multiple lithium projects, can deliver scalable projects faster to market and supply rapidly increasing demand.

Discussions with potential partners to assist the fast-tracking of these assets into production is underway as part of Lake's ongoing discussions with battery metals customers and Lake's desire to become an integrated and valuable part of the global supply chains.

The four reasons in making the formal decision to expand the Kachi project has also given the company confidence to fast-track expansion and integration of Lake's other assets in Argentina:

1. the increasing demand by prospective offtake partners for a secure supply chain of environmentally friendly high purity lithium carbonate;
2. the indicative support to fund new projects by Export Credit Agencies and the international bank panel. The UK and Canada Export Credit Agencies have already indicated a willingness to project debt finance around 70 percent of the Kachi project's capital requirements (ASX announcement 11 Aug 2021);
3. the supportive investment policies of the Argentine Government who have announced a process to lower export taxes as part of the Strategic Plan for Mining Development;

This, combined with increasing customer and consumer scrutiny around the environmental credentials of lithium production; and concerns about security of supply has given us the confidence to fast-track these developments.

Operations

Overview of Operations for the Year

Kachi Lithium Brine Project - Catamarca Province, Argentina

Lake's 100%-owned Kachi Lithium Brine Project (Kachi) in Catamarca province, NW Argentina, covers an entire large lithium brine bearing basin with 39 mining leases (74,000 hectares). Lake aims to develop the project into production of 50,000 tpa battery quality lithium carbonate using the highly efficient ion exchange technology method from Lilac Solutions, as established in the Kachi Pre-Feasibility Study (PFS). Kachi has a large indicated and inferred resource of 4.4 million tonnes LCE (Indicated 1.0Mt, inferred 3.4Mt) (refer ASX announcement 27 November 2018). During the year ended 30 June 2022, Lake continued a Definitive Feasibility Study (DFS) with Hatch as lead consultant, the study is progressing with an expected release to market Q4,2024. The Environmental and Social Impact Study (ESIA) has continued in 2022 with Knight Piesold with a final study expected to be completed in Q4,2022.

An expansion case to double production to 51,000 tpa LCE has been initiated due to increasing demand. Additional drilling has continued throughout 2022 at the Kachi Project to support the expansion of future production, targeting 50,000tpa LCE. A four well, 1,600m drill program aims to upgrade Kachi's 4.4 Mt LCE Total Resource from M&I Resources to Reserves for Kachi's DFS and for production expansion study (refer ASX announcements 7 July 2021 and 31 July 2021) is nearing completion.

Operations (continued)

Overview of Operations for the Year (continued)

An efficient, disruptive clean direct lithium extraction (DLE) technology, that can produce sustainable high purity lithium, with a smaller environmental footprint, has been developed by our technology partner, Lilac Solutions Inc, in California (Lilac). Lilac's DLE process adapts a widely used water treatment process called ion exchange to produce lithium. This allows the return of virtually all water (brine) to its source without changing its chemistry, apart from lithium removal. The land use is significantly reduced due to the removal of evaporation ponds and the plan to use solar hybrid power ensures a low carbon footprint. Battery quality lithium carbonate (99.97% purity) has been produced from Kachi brine samples with very low impurities and high (80-90%) lithium recoveries (refer ASX announcement 20 October 2020). Test results were incorporated into the PFS. The Lilac's direct extraction pilot plant modules in California, using brines from Lake's Kachi Lithium Brine Project, have produced lithium chloride for conversion into lithium carbonate. Hazen Research Inc, an independent assay laboratory, produced high purity battery quality lithium carbonate (99.97%).

During the past year a demonstration plant was planned and construction initiated with demonstration modules shipped into Argentina in the final months of FY2021/22. The construction of the demonstration plant is now complete and is now in final stages of commissioning in preparation to test Kachi brines in October, 2022.

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 and Cauchari Lithium Brine Projects and the Paso Lithium Brine Project, 100% owned by Lake.

The Cauchari Lithium Brine Project was drilled successfully in 2019, which demonstrated that the high-grade lithium brines in the adjoining world class project extended into Lake's 100% owned leases, with multiple high-grade lithium brines zones over a 506m interval (102m to 608m depth). Results ranged from 421 to 540 mg/L lithium (493 mg/L average) in detailed sampling with higher-grade results that averaged 493 mg/L lithium over 343m (from 117m to 460m), up to 540 mg/L.

This year saw increased exploration activity across these projects as part of the company's aim of bringing all company projects rapidly toward development as the global lithium market moved into a deficit that many commentators believe will last well into the next decade as demand for lithium grows exponentially. Post year end the company employed Mr Sean Miller to oversee and coordinate the rapid advancement of exploration across these projects. Various lithium extraction methods will be tested on lithium brine samples from the Cauchari, Olaroz and Paso projects as drilling continues, this will then be followed by scoping studies for future production on all projects as they are upgraded toward development, including environmental impact studies and increased drilling for resource statement purposes.

Corporate and Financial

Advances are continuing towards future clean lithium production from Lake's flagship Kachi Lithium Brine Project in Catamarca Province.

Project Finance (Kachi)

The UK Export Finance (UKEF), the Export Credit Agency (ECA) of the United Kingdom, provided a strong Expression of Interest to support approximately 70% of the total finance required for Lake's Kachi Project, subject to standard project finance terms, including, among others, suitable structured offtake contracts, the successful completion of Kachi's Definitive Feasibility Study (DFS), and an Environmental and Social Impact Assessment (ESIA) to Equator Principles (refer ASX announcement 11 August 2021).

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Operations (continued)

Corporate and Financial (continued)

The ECA led project finance will deliver a significantly lower cost of capital than traditional financing structures, with the principal repaid over an 8.5-year period post-construction.

UKEF indicated that debt finance is available to support expanded production to 51,000 tpa of high purity lithium carbonate equivalent. UKEF's Expression of Interest will encourage a UK-led sourcing strategy while allowing flexibility for other leading ECAs to participate.

Canada's Export Credit Agency, EDC, provided a Letter of Interest to potentially work alongside UKEF to support approximately 70% of the total finance required for Lake's Kachi Project, subject to similar standard project finance terms as UKEF (refer ASX announcement 28 September 2021). EDC indicated the ability to provide direct lending to the project up to US\$100 million, subject to sourcing requirements.

Equity raising during the year

Significant capital raisings and options conversions were conducted during the financial year to sustain the development of the Kachi Project.

On the 28 July 2021 Lake announced a pro-rata non-renounceable issue to eligible shareholders of one free bonus option for every ten shares held on the record date of 24 August 2021 at the exercise price of \$0.35 per bonus option (Bonus Option Offer), to be exercised before 5:00pm on the bonus option expiry date (15 October 2021). One further free additional option at the exercise price of \$0.75 per additional option was to be provided for every bonus option exercised prior to the bonus option expiry date of 15 October 2021 (Additional Option Offer) to be exercised by the additional option expiry date (15 June 2022).

On 30 August 2021 110,416,119 bonus options were issued at the exercise price of \$0.35 per bonus option and an expiry date of 15 October 2021. In late October 2021, the conversion was completed of one free bonus option for every ten Shares held on 24 August 2021 by eligible shareholders at the exercise price of \$0.35 per bonus option, of which, approximately 78% were converted (86,096,394 new LKE shares), providing A\$29,366,483 million to the cash position of the Company.

Further 1-for-1 additional bonus options were issued (86,096,394 listed options; security code LKEOC), with an exercise price of A\$0.75 and an expiry date of 15 June 2022. These additional options were listed and subsequently converted, adding a further A\$64 million to cash reserves by the end of June 2022. Of the additional bonus options issued 3,251,249 were cancelled upon failure to exercise.

On 11 March 2022 the company undertook the issue of 40,000,000 fully paid ordinary shares pursuant to its At-the-Market Subscription Agreement ("ATM") with Acuity Capital. The Company previously entered into a Controlled Placement Agreement in August 2018 with Acuity Capital Pty Ltd, which was later extended until 31 January 2023. On 15 November 2021, the Company announced that the funding amount had been increased to A\$80,000,000 to reflect the change in the Company's market value.

Cash position

Lake held cash of A\$175,444,065 as at 30 June 2022 (in AUD, USD and Argentine Pesos) with no debt. The Company is financed through to the Final Investment Decision (FID) and construction finance phase, including the Definitive Feasibility Study (DFS) for the Kachi project

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Impact of COVID-19 on Operations

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially neutral for the Consolidated entity up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation has improved in relation to restrictions on travel based on high vaccination rates are now achieved in Australia and Argentina. Corporate guidelines for employee travelling for business, are also documented per Lake Resources' approved travel policy. Further information on the impact is detailed in Note 1(iv) of the financial statements.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Consolidated entity during the financial year were as follows:

Lake has strengthened its management team in Argentina with the appointment of Mr. Gautam Parimoo as Chief Operating Officer (COO) on the 25 October 2021. His immediate focus is to drive the Company's Kachi Lithium Brine Project from feasibility through construction and commissioning into steady state production.

Other appointments made during the financial year include the appointment of Peter Neilsen as Chief Financial Officer (CFO) on 11 July 2021. A key focus of the new CFO will be to guide a panel of international project financiers to successfully secure funding for Lake's lithium production. His other key role will be to develop and assist Lake's team in Argentina to organise development activities and lithium production. He will also serve as joint Company Secretary. Amalia Saenz was appointed to the board on 28 July 2021. She will assist Lake and its local team in Argentina in engaging with local stakeholders and preparing for the development of clean lithium production in Argentina.

Matters subsequent to the end of the financial year

On 14th July 2022, after a brief trading halt, the Company responded to an inaccurate report issued by J Capital (a short-seller) attacking Lake Resources over its' new direct lithium extraction (DLE) technology, share trade disclosures, options to brokers, and Memoranda of Understandings signed to date.

Lake reassured investors that the Lilac Solutions proprietary ion exchange technology to be used for DLE at the Kachi brine project in Argentina, will be practical, efficient, and environmentally sustainable.

The Company also advised that non-disclosure of share trades by the former Managing Director (Stephen Promnitz), were unapproved due to failure by the Officer to notify the Company Secretary. Options issues to brokers as part of the fee arrangements were common practice in the industry, and that Memoranda of Understanding (MOU's), while largely non-binding, had been entered into with globally recognised companies for the long-term supply of a material critical to their supply chains.

Following the resignation of the former Managing Director on 17 June 2022, the Company announced on 16th August 2022 a notification of cessation of securities for 2,500,000 performance rights, due to conditions not being satisfied.

On 19th August 2022 the Company appointed senior mining executive Mr Sean Miller as Corporate Development Officer to fast-track exploration across three Jujuy brine projects in Argentina - Cauchari, Olaroz and Paso projects.

At the same time, it was also confirmed that the new CEO appointment process was nearing completion, and that Lake Resources was finalising the selection of new board members as part of the transition to a US corporate office to better align production and key customers and markets.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Matters subsequent to the end of the financial year (continued)

A six-month global search for a new CEO/MD culminated with an ASX announcement dated 7th September that Mr David Dickson would assume the role of CEO and Managing Director. Mr Dickson is an industry leader with over 30 years' experience in engineering, construction, and EPC cost management, across the energy sector.

He has a proven track record in successfully delivering multibillion dollar resource projects.

On 14 September 2022 Lake Resources NL provided an update on the Kachi pilot plant in respect of progress under its Pilot Project Agreement (dated 21 September 2021) with technology partner, Lilac Solutions Inc (Lilac). Whilst work has continued on the Kachi project, a dispute has arisen between Lake and Lilac as to the date by which key performance milestones need to be achieved, with Lake considering milestones to be achieved by 30 September 2022 and Lilac considering it has until 30 November 2022 to do so. To resolve the dispute, Lake has exercised its rights to have the dispute resolved either by agreement of both Lake and Lilac or by arbitration.

Pursuant to ASX announcement on 19 September, Lake confirmed that construction of the facility to house the Lilac demonstration plant was complete. Dry commissioning of the demonstration plant also commenced on Wednesday September 14, with expected wet commissioning of the plant to begin on September 22. Once wet commissioning is complete, Lilac expects to begin onsite processing of Kachi brines in the first week of October 2022. Whilst the test program is based on operating the demonstration plant for 1000 hours it is anticipated that the first 2000 litres of lithium concentrate produced from the demonstration plant will be sent for conversion into Lithium Carbonate once delivered. Lake proposes that this final Lithium product will then be qualified by a tier 1 battery maker to validate product specifications. Lake confirmed offtake discussions continue to advance and new appointments to the Lake board are in final stages of consideration.

No other matter or circumstance has arisen since 30 June 2022 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

There has been a significant expansion in battery megafactories with 225 megafactories forecast to be in operation by 2030. These facilities prefer high quality lithium products, especially with the ESG benefit that Lake's products will provide. A significant and growing supply deficit is forecast to develop in late 2021 through to 2022 which requires significant new scalable supply of lithium products.

The focus for the Consolidated entity is to be a clean lithium developer utilising direct extraction technology for the development of sustainable, high purity lithium from its flagship Kachi Project. A definitive feasibility study (DFS) is underway on the Kachi project together with an Environmental and Social Impact Assessment (ESIA). When the studies are completed, together with suitably structured offtake contracts, the Export Credit Agency (ECA) led project finance should be triggered facilitating the completion of approximately 70% of the total finance required for Lake's Kachi Project.

Lake formally partnered with Lilac for the technology and funding to develop the Kachi Project (refer ASX announcement 22 September 2021). Under the agreement, Lilac will contribute technology, engineering teams, and an on-site demonstration plant, earning in to a maximum 25% stake in Lake's Kachi project based on performance-based milestones. It is anticipated that Lake will reduce its equity holding in the Kachi project as Lilac reaches these milestones.

Offtake discussions will continue which should lead to suitably structured offtake contracts for all parties.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Material Business Risks

The Group's exploration and mining operations will be subject to the normal risks of mining and any revenues will be subject to numerous factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

Future Capital Raisings

The Group's ongoing activities may require substantial further financing in the future, in addition to amounts raised pursuant to the capital raising completed by the year ended 30 June. The Group will require additional funding to bring the Kachi Project into commercial production. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price and debt financing, if available, may involve restrictive covenants which limit the Group's operations and business strategy. Although the directors believe that additional capital can be obtained, no assurances can be made, especially given the impact of the COVID-19 pandemic, that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Group's activities and could affect the Group's ability to continue as a going concern.

Exploration Risk

The success of the Group depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Group and possible relinquishment of the tenements. The exploration costs of the Group are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability. If the level of operating expenditure required is higher than expected, the financial position of the Group may be adversely affected. The Group may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Feasibility and Development Risks

It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Group's. There is a complex, multidisciplinary process underway to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected. There is also a risk that, even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

Material Business Risks (continued)

Regulatory Risk

The Group's operations are subject to various Commonwealth, State and Territory and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials. No assurance can be given that the Group will be successful in maintaining such authorisations in full force and effect without modification or revocation.

To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Group may be curtailed or prohibited from continuing or proceeding with production and exploration. The Group's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Group's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Group.

Occupational Health and Safety

Given the Group's exploration activities (and especially if it achieves exploration success leading to mining activities), it will face the risk of workplace injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting any future mining activities of the Group can be dangerous. The Group has, and intends to maintain, a range of workplace practices, procedures and policies which will seek to provide a safe and healthy working environment for its employees, visitors and the community. Of particular concern will be operating and managing health and safety in an environment where COVID-19 remains a major concern.

Limited Operating History of the Group

The Group has limited operating history on which it can base an evaluation of its future prospects. If the Group's business model does not prove to be profitable, investors may lose their investment. The Group's historical financial information is of limited value because of the Group's lack of operating history and the emerging nature of its business. The prospects of the Group must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

Key Personnel

In formulating its exploration programs, feasibility studies and development strategies, the Group relies to a significant extent upon the experience and expertise of the directors and management. A number of key personnel are important to attaining the business goals of the Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Group to conduct its business and, accordingly, affect the financial performance of the Group and its share price. Recruiting and retaining qualified personnel is important to the Group's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Material Business Risks (continued)

Resource Estimate Risk

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Group's future plans and ultimately its financial performance and value. Lithium price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Environmental Risk

The operations and activities of the Group are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Group's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Availability of Equipment and Contractors

Prior to the COVID-19 pandemic, appropriate equipment, including drill rigs, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic has only served to exacerbate these issues. Consequently, there is a risk that the Group may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Group's activities.

Climate Change Risk

The operations and activities of the Group are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Group operates.

Macro-Economic Risks

In 2022, the world continues to recover from the COVID-19 pandemic, with global supply chains, labour and equipment shortages still being materially affected.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Material Business Risks (continued)

Hyper inflationary in Argentina pressures for appropriately skilled labour and capital items are being seen across many industries, including mining. Current domestic and international inflation is at levels not since the 1970's and 1980's, triggering rising interest rates globally; a situation that has been driven by post pandemic issues and by spiking energy prices, triggered by the recent conflict between Ukraine and Russia. The negative economic outlook has affected world capital markets, with major global indices reducing by up to 20% in the first half of 2022 (S&P 500: 20.6%). These conditions are expected to persist in the short term.

Australia now has unrestricted international borders, however further disruptions may be experienced as the pandemic moves into the endemic phase, with waning vaccine effectiveness and possible new COVID-19 variants, which could cause subsequent disruptions to businesses nationwide.

Environmental regulation

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

Information on directors

Name	Stuart Crow
Title	Executive Chairman
Experience and expertise	Mr Crow has global experience in financial services, corporate finance, investor relations, international markets, and stock broking. Stuart is passionate about assisting emerging listed companies to attract investors and capital and has owned and operated his own businesses in financial advisory for over 31 years.
Other current Directorships	Senior Non Executive Director Atlantic Lithium Limited (AIM & ASX) Non Executive Chairman Ricca Resources Limited (unlisted) Non-executive Director Todd River Resources Ltd (ASX:TRT)
Former Directorships (last 3 years)	
Name	Stephen Promnitz (resigned 17 June 2022)
Title	Managing Director and CEO
Experience and expertise	Mr Promnitz led Lake since 2016, bringing natural resources and energy experience with a focus on South America and South-East Asia, and delivered the lithium project portfolio. Previously he was CEO of small/mid-tier companies or senior manager with global resource companies (Rio Tinto, WMC) together with holding senior corporate finance roles with Westpac and Citigroup.
Other current Directorships	None
Former Directorships (last 3 years)	None

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Information on directors (continued)

Name	Dr Nicholas Lindsay
Title	Executive Technical Director
Experience and expertise	Dr Lindsay is an experienced mining executive, with a BSc (Hons) degree in Geology, a PhD in process mineralogy (Metallurgy & Materials Engineering) as well as an MBA. He has a long association with South America, where he has successfully taken companies from inception to listing, development and subsequent acquisition such as Laguna Resources which he led as Managing Director.
Other current Directorships	Manuka Resources (ASX:MKR)
Former Directorships (last 3 years)	None
Name	Dr Robert Trzebski
Title	Non-Executive Director
Experience and expertise	Dr. Trzebski is currently Chief Operating Officer of Austmine Ltd and holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 30 years professional experience in project management and mining services. He has considerable operating and commercial experience in Argentina and Chile, as a Non-Executive Director of Austral Gold since 2007, listed on the ASX and TSX-V and is Chairman of the Audit and Risk Committee. His role with Austmine has allowed him to develop considerable contacts across the operating and technology space of the global resources industry. Dr. Trzebski is also a fellow of the Australian Institute of Mining and Metallurgy and is fluent in Spanish and German as well as English.
Other current Directorships	Austral Gold (ASX: AGD) appointed on 10 April 2007
Former Directorships (last 3 years)	None

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Information on directors (continued)

Name	Amalia Saenz (appointed 28 July 2021)
Title	Non-Executive Director
Experience and expertise	Ms. Amalia Sáenz was previously a partner at the legal firm, Zang, Bergel & Viñes, in Buenos Aires leading the Energy and Natural Resources practice. Sra. Sáenz joined the firm some years ago to meet increased demand from clients looking to invest in Argentina's natural resources space. Prior to Zang, Bergel & Viñes Ms Sáenz was with respected legal firm Brons & Salas, in Buenos Aires, and her practice covered the full scope of natural resources and energy and oil and gas, with specific focus on tenders, acquisitions, financing, joint venture and operation agreements in Argentina. She is a leading member of the Association of International Petroleum Negotiators. Also, in the past, Ms. Sáenz was the Legal Manager with Bidas Corporation living in Central Asia -as well in United Kingdom- experiencing working in an exploration and production operations in a context of a mixture of cultures.
Other current Directorships	None
Former Directorships (last 3 years)	None

Note

- 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 secretaries

The Company Secretary in office until 13 July 2021 was Mr Garry Gill. Mr Gill is a chartered accountant with more than 30 years' experience in all facets of corporate, financial and administrative functions, Mr Gill has served in a range of positions including as Chief Financial Officer, company secretary and other senior executive positions for a number of listed and unlisted public companies. These have included serving as finance director and company secretary of Jupiters Limited, Chief Financial Officer or Corporate Services Manager of South Bank Corporation in Brisbane, before forming a consultancy service for small cap ASX companies over the last decade. He has delivered improved strategic analysis and financial management, streamlined budgets, refinancing, and stakeholder management of small/mid cap resource companies.

Mr Peter Neilsen who was appointed on 11 July 2021, is a chartered accountant with more than 20 years' experience in all facets of financial management, asset management and leadership. He has served in a range of positions including as Chief Financial Officer (CFO), company secretary, finance manager and other senior executive positions for a number of listed and unlisted companies in the energy and natural resources sector. These have included Barrick, Xstrata and Round Oak. Mr Neilsen has been involved in reducing operation expenses up to \$100M through cost analysis, performance improvements and contract negotiations, acquisitions of up to \$80M and managed revenues in excess of \$5Bn.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Directors' Interests in the Consolidated entity

At the date of this report, the interests of the Directors in the shares, options and performance rights of the Consolidated entity were:

	Ordinary Shares	Options	Performance Rights	Performance Shares
S. Crow (Executive Chairman)	17,919,367	-	5,000,000	-
S. Promnitz (Managing Director)	10,206,150	-	-	-
N. Lindsay (Executive Technical Director)	3,216,667	-	2,500,000	461,715
R. Trzebski (Non Executive Director)	-	-	-	-
A. Saenz (Non Executive Director)	-	-	-	-

Meetings of directors

The number of meetings of the Consolidated entity's Board of Directors held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were:

	Held	Attended
S. Crow	10	10
N. Lindsay	10	10
R. Trzebski	10	9
A. Saenz	9	6
S. Promnitz	10	9

"Held" represents the number of meetings held during the time the Director held office and was eligible to attend.

Remuneration report (Audited)

The remuneration report outlines the Director and executive remuneration arrangements for the Consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

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.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(a) Principles used to determine the nature and amount of remuneration

The Board's policy is to remunerate KMP at market rates for time, commitment, responsibilities, and overall performance. The Board determines payments to the KMP and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. During the current reporting period, the Company engaged Godfrey Remuneration Group to assist in development of short term and long-term incentives for its executives.

The Board aims to remunerate at a level that will attract and retain high calibre directors, officers, and employees. KMP are remunerated to a level consistent with the size of the Consolidated entity.

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 Consolidated entity.

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 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 performance 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 seeks 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.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

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 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 comprises four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long-term performance incentives
- share-based payments, including options and performance rights
- performance shares
- relocation costs or allowances, as relevant for remote (close to site) based employees
- fringe benefits including motor vehicles, residential accommodation costs, private health insurance and private education fees for KMP's and their associates
- other employer remuneration including compulsory superannuation, pension fund, annual and long service leave

Elements of remuneration

Fixed annual remuneration (FR)

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are generally reviewed annually by the Board of Directors based on individual and business unit performance, the overall performance of the Consolidated entity and comparable market remuneration. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits, private residential housing) where it provides additional tax effective benefits and performance incentives to the executive.

Short Term Variable Remuneration (STVR) Plan for Performance Rights

The Consolidated entity has undertaken to implement entitlements to participate in performance based STVR incentive arrangements. The STVR will reflect generally the following elements:

- maximum entitlement of approximately 20% of Base Pay and Benefits
- the package to comprise half cash and half in a grant of performance shares

The associated performance hurdles and weighting may include:

- in respect of the cash component, the delivery of a definitive feasibility study (DFS) at the Company's Kachi Lithium Brine Project (Project) and financing for the Project being approved
- The hurdles and weighting for the performance shares are to be measured no later than 15 months after the executive's Commencement Date.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Short Term Variable Remuneration (STVR) Plan for Performance Rights (continued)

The grant of performance shares to Executive Directors is subject to shareholders' approval.

Performance Shares

Pursuant to resolution 12 dated 25 January 2022 (and issued 24 February 2022), approval to issue Performance Shares was granted for the Chief Financial Officer (Peter Neilsen) and Executive Technical Director (Dr Nicholas Lindsay).

Neilsen Performance Shares

The purpose of the grant of the Neilsen Performance Shares is to provide Mr Neilsen with short and long-term variable remuneration as incentive to participate in the Company's growth that is directly aligned with the creation of shareholder value.

The Class A Performance Share is to be issued to Mr Neilsen is part of his short-term variable remuneration package.

The Class B, C and D Performance Shares are to be issued to Mr Neilsen as part of his long-term variable remuneration package.

Each Neilsen Performance Share entitles Mr Neilsen to receive up to a maximum of the following number of ordinary shares in the Company upon conversion of that Performance Share, subject to certain performance measures (set out below) (Neilsen Performance Measures) being met:

Table 1 - Maximum number of ordinary shares to be issued

Performance Share	Maximum number of ordinary shares that the Neilsen Performance Share will convert into
Class A	123,809
Class B	139,285
Class C	167,142
Class D	250,714
Total	680,950

The maximum number of ordinary shares assumes that the VWAP Price under the Neilsen Conversion Formula set out below is at least \$0.35 being the market price of the Company's shares as at 1 July 2021 (VWAP Floor Price). If the VWAP Price is lower than the VWAP Floor Price, no more than the maximum number of ordinary shares approved by Shareholders under Resolution.

Conversion of Class A Neilsen Performance Share

The number of Shares to be granted to Mr Neilsen upon conversion of the Class A Neilsen Performance Share will be calculated using the following formula (Short-term Neilsen Conversion Formula):

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Short Term Variable Remuneration (STVR) Plan for Performance Rights (continued)

$NS = (2/3 \times \$65,000) \times P$

VWAP Price

where:

NS = Number of Shares to be issued on conversion of the relevant Neilsen Performance Share.

P = Percentage assessed by the Company's Remuneration Committee according to assessment of Mr Neilsen's achievement of the relevant Neilsen Performance Measure over the Measurement Period up to the Maximum Weighting.

The Maximum Weighting, Neilsen Performance Measures, Measurement Period and Expiry

Date for the A Class Neilsen Performance Share are set out below.

Class A Neilsen Performance Share			
Neilsen Performance Measure	Maximum Weighting	Measurement period	Expiry Date
Delivering comprehensive accounting information with quality timely information in Argentina and at head company levels	40%	12 July 2021 -12 October 2022	12 December 2022
Closing the debt financing for the Company's Kachi Project (60%)	60%		

Conversion of Class B, C and D Neilsen Performance Shares

The number of Shares to be granted to Mr Neilsen upon conversion of the Class B, C and D Neilsen Performance Shares will be calculated using the following formula (Long-term Neilsen Conversion Formula):

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Short Term Variable Remuneration (STVR) Plan for Performance Rights (continued)

NS = (P% x \$195,000)

VWAP Price

where:

NS = Number of Shares to be issued on conversion of the relevant Neilsen Performance Share.

P = Percentage assessed by the Company's Remuneration Committee according to assessment of Mr Neilsen's achievement of the relevant Neilsen Performance Measure over the Measurement Period up to the Maximum Weighting.

VWAP Price = the volume weighted average price of the Company's Shares traded on ASX during the 20 trading days prior to the date of conversion of the relevant Neilsen Performance Share.

The Maximum Weighting, Neilsen Performance Measure, Measurement Period and Expiry Date for the Class B, C and D Neilsen Performance Shares are set out below.

Performance Share	Maximum Weighting	Neilsen Performance Measure	Measurement period	Expiry Date
Class B	25%	Delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post close of the Kachi Project finance	12 July 2021 – 12 January 2023	12 March 2023
Class C	30%	Maintain and deliver accurate reporting across all facets of the business incorporating cash flows, pre-production and budgeting Preparation of financial documents to the satisfaction of financiers, project banking syndicates and export credit agencies Implementation and maintenance of acceptable budgetary and cash flow measures across Australia and Argentina	12 July 2021 – 12 July 2023	12 September 2023
Class D	45%	Delivery of the Kachi Project into production with appropriate reporting mechanisms in place	12 July 2021 – 12 July 2024	12 September 2024

The Company's Remuneration Committee will assess whether the Neilsen Performance Measures for the Neilsen Performance Shares are satisfied by the Expiry Date.

Lindsay Performance Shares

The purpose of the grant of the Lindsay Performance Shares is to provide Dr Lindsay with short and long-term variable remuneration as incentives to participate in the Company's growth that is directly aligned with the creation of shareholder value.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Short Term Variable Remuneration (STVR) Plan for Performance Rights (continued)

The Class E Performance Share is to be issued to Dr Lindsay as part of his short-term variable remuneration package.

The Class F, G and H Performance Shares are to be issued to Dr Lindsay as part of his long-term variable remuneration package.

Each Lindsay Performance Share entitles Dr Lindsay to receive up to a maximum of the following number of ordinary shares in the Company upon conversion of that Performance Share, subject to certain Performance Measures (set out below) being met:

Table 1 - Maximum number of ordinary shares to be issued

Performance Share	Maximum number of ordinary shares that the Lindsay Performance Share will convert into
Class E	92,343
Class F	147,749
Class G	147,749
Class H	73,874
Total	461,715

The maximum number of ordinary shares assumes that the VWAP Price under the Lindsay Conversion Formula set out below is \$0.35 (VWAP Floor Price). If the VWAP Price is lower than the VWAP Floor Price, no more than the maximum number of ordinary shares approved by Shareholders under Resolution 13 will be issued.

The number of Shares to be granted to Dr Lindsay upon conversion of the Lindsay Performance Shares will be calculated using the following formula (Lindsay Conversion Formula):

$$NS = (P\% \times BP)$$

VWAP Price

where:

NS = Number of Shares to be issued on conversion of the relevant Lindsay Performance Share.

BP = means the base pay component being in respect of the Class D Performance Share, \$32,320.20 and in respect of the Class E, Class F and Class G Performance Shares, \$129,280.80.

P = Percentage assessed by the Company's Remuneration Committee according to assessment of relevant Performance Measure over the Measurement Period up to the Maximum Weighting.

VWAP Price = the volume weighted average price of the Company's Shares traded on ASX during the 20 trading days prior to the date of conversion of the relevant Lindsay Performance Share.

The Maximum Weighting, Lindsay Performance Measures, Measurement Period and Expiry Date for the Lindsay

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Short Term Variable Remuneration (STVR) Plan for Performance Rights (continued)

Performance Shares are set out below

Performance Share	Maximum Weighting	Lindsay Performance Measure	Measurement period	Expiry Date
Class D	100%	Commencement of exploration and testing of brines from at least one of the Company's other projects	1 January 2021 – 1 April 2022	1 June 2022
Class E	40%	The Company putting a project team in place to build the Project DFS and building the demonstration plant on site	1 January 2021 – 1 April 2022	1 June 2022
Class F	40%	The Company closing the debt and equity financing for the Company's Kachi Project on terms satisfactory to the Company	1 January 2021 – 1 January 2023	1 March 2023
Class G	20%	The Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project	1 January 2021 – 1 January 2024	1 March 2024

The Company's Remuneration Committee will assess whether the Lindsay Performance Measures are satisfied within the relevant assessment periods.

The Performance Measures may only be amended with approval of Shareholders in General Meeting and a voting exclusion statement applies in relation to any holder of Performance Shares.

Long-term incentives (LTI) Plan

At the 2016 Annual General Meeting, the shareholders of the Consolidated entity approved the Long-Term Incentive (LTI) Plan ('Plan'). The Plan was updated and extended at an Extraordinary General Meeting (EGM) of the Shareholders on 15 August 2019 at which approval was granted to issue up to 25,000,000 performance rights under the 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 Consolidated entity aligning the interest of both employees and shareholders and for the Consolidated entity to reward eligible employees for their effort. The Plan contemplates the issue to eligible employees of performance rights which may have milestones.

Mr Crow's 5 million performance rights will vest once an investment partner signs an agreement to invest in the Kachi project in Catamarca (Investor). Dr Lindsay's remaining 2.5 million performance rights will vest when a Pilot Plant is established on-site at the Kachi project in Catamarca (Pilot Plant).

Long Term Variable Remuneration (LTVR) Plan for Performance rights

The LTVR will be equal to 40% of the annual value of the executive's Base Pay and Benefits as at the Commencement Date, comprised in performance shares granted in tranches over three years, subject to achievement of the following performance hurdles, weighted as indicated:

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

Elements of remuneration (continued)

Long Term Variable Remuneration (LTVR) Plan for Performance rights (continued)

- (1) for the first tranche, measured no later than 15 months after the Commencement Date - the Company putting a project team in place to build the Project DFS and building the demonstration plant on site (40%);
- (2) for the second tranche, measured at the end of the second year after the Commencement Date - closing the debt and equity financing for the Company's Kachi Lithium Brine Project (Kachi Project) on terms satisfactory to the Company (40%);
- (3) for the third tranche, measured at the end of the third year after the Commencement Date - the Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project (20%).

In each case the performance hurdles will be measured at the end of the indicated measurement periods to determine the actual entitlement for the relevant measurement period.

The grant of performance shares to Executive Directors is subject to shareholders' approval.

(b) Details remuneration

Amounts of remuneration

Non-executive	Executive	KMP	Date
R. Trzebski A Saenz	S. Crow N. Lindsay S. Promnitz	P Neilsen G Parimoo G. Gill	from 2 December 2019 from 28 July 2021 from 20 June 2022 from 1 January 2021 until 17 June 2022 from 27 July 2021 from 25 October 2021 until 13 July 2021

Name	Position	Date
G Gill	Chief Financial Officer and Joint Company Secretary	until 13 July 2021
P. Neilsen	Chief Financial Officer and Joint Company Secretary	from 11 July 2021
G. Parimoo	Chief Operating Officer	from 25 October 2021

The following table shows details of the remuneration expense recognised for the Consolidated entity's executive and key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(b) Details remuneration (continued)

Key Management Personnel	Directors' Fees and/or Salary \$	Consulting Fees \$	Annual leave \$	Long Service Leave \$	Post-Employment Benefits \$	Other Benefits-Relocation	Share Based payments		Total \$
							Performance rights \$	Options \$	
2022									
Non-Executive Directors									
R. Trzebski	64,800	-	23,000	1,545	7,200		-		96,545
A. Saenz ¹	141,000	-	-	-	-		-		141,000
Executive Directors									
S. Crow ²	180,000	96,600	-	-	-		273,125		549,725
S. Promnitz ³	355,679	-	155,679	14,164	27,502		(7,188)		545,836
N. Lindsay	300,000	186,593	15,419	1,880	24,931		251,379		780,202
Executive Management									
P. Neilsen ⁴	335,258	-	38,445	568	27,502			461,248	863,022
G. Parimoo ⁵	249,362	-	-	-	-	100,000		760,609	1,109,971
G. Gill ⁶		108,260	-	-	-		-		108,260
Total	1,626,099	391,453	232,543	18,158	87,135	100,000	517,316	1,221,857	4,194,561

Key Management Personnel	Directors' Fees and/or Salary \$	Consulting Fees \$	Annual leave \$	Long Service Leave \$	Post-Employment Benefits \$	Share Based Payments		Total \$
						Performance rights \$	Options \$	
2021								
Non-Executive directors								
S. Crow	140,000	74,100	-	-	-	-	-	214,100
N. Lindsay	120,000	16,900	-	-	-	-	-	136,900
R. Trzebski	61,000	-	-	-	5,792	-	-	66,792
Executive directors								
S. Promnitz	295,192	-	65,912	27,998	28,043	-	-	417,145
Executive Management								
G. Gill	172,500	-	-	-	-	-	-	172,500
Total	788,692	91,000	65,912	27,998	33,835	-	-	1,007,437

- ¹ A. Saenz became a Non-Executive Director on 28 July 2021
- ² S. Crow became an Executive Director on 20 June 2022
- ³ S. Promnitz resigned as Managing Director on 17 June 2022
- ⁴ P. Neilsen became Chief Financial Officer and Company Secretary on 11 July 2021
- ⁵ G. Parimoo became a Chief Operating Officer on 25 October 2021
- ⁶ G. Gill resigned as Chief Financial Officer and Company Secretary on 13 July 2021

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(b) Details remuneration (continued)

Percentages of remuneration that are performance based:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
2022						
Non-Executive directors						
R. Tzrebski	100%	100%	0%	0%	0%	0%
A. Saenz	100%		0%		0%	
Executive directors						
S. Crow	50%	100%	0%	0%	50%	48%
S. Promnitz	100%	100%	0%	0%	0%	54%
N. Lindsay	51%	100%	5%	0%	28%	73%
Executive Management						
P. Neilsen	47%		0%		53%	
G. Parimoo	31%		0%		69%	
G. Gill	100%	100%	0%	0%		0%

(c) Service Agreements

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

Name	S Crow
Title	Executive Chairman
Agreement commenced	2016
Term of agreement	Nature of services provided - Chairman of the Lake Resources NL Board, in addition to external consultant for financing and marketing related services.
	Basis of engagement - Prior to being appointed as executive Chairman on 20 June 2022, Mr Crow provided services as Non-Executive Chairman for the Consolidated entity.
	As Non-Executive Chairman, Mr Crow received consulting fees for representation at conferences and road shows of A\$6,500 per month plus expenses and earned an additional Directors fee of A\$15,000 per month. During his appointment as Executive Chairman for an estimated 6 month period (from 20 June 2022), Mr Crow will receive director fees equivalent to A\$1 million per annum. The revised remuneration was approved and later confirmed at a Board meeting on 9 August 2022.
	Mr Crow was granted 5,000,000 performance rights pursuant to approval at a shareholder meeting held on 15 August 2019, which are currently still held at the date of this report.
	There is a 1 week notice period required, in the event of termination of services.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(c) Service Agreements (continued)

Name	D. Dickson
Title	Chief Executive Officer (from 15 September 2022)
Agreement commenced	15 September 2022
Term of agreement	Nature of services - New Chief Executive Officer
	<p>The Consolidated entity entered into an agreement with David Dickson and his company to provide services as Chief Executive Officer.</p> <p>Mr Dickson's employment contract contains agreed compensation being a base salary of US\$1million, and annual potential bonus pool of a maximum amount of 100% of base salary across short- and long-term performance incentives requirements.</p>
Name	S. Promnitz
Title	Managing Director (until 17 June 2022)
Agreement commenced	14 November 2016
Term of agreement	Nature of services - Managing Director and Chief Executive Officer for Lake Resources NL
	<p>Initial salary of \$250,000 per annum, with a review point scheduled for 12 months from commencement date, subject to satisfactory performance. Effective from 1 January 2021 as an interim measure pending the negotiation of a new agreement, base salary was increased to \$360,000 plus statutory superannuation.</p> <p>Short term and long-term variable remuneration incentives are to be determined in conjunction with recommendations of an external independent remuneration consultant.</p> <p>If termination notice given by Consolidated entity, the Consolidated entity 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. The consolidated entity shall have the right to choose whether Mr. Promnitz works his notice or paid in lieu of notice. Mr Promnitz resigned his position as Managing Director of the Consolidated entity on 17 June 2022, and did not work his notice period.</p>
Name	Dr R Trzebski
Title	Non-Executive Director
Agreement commenced	2 December 2019
Term of agreement	Nature of services - Lake Resources NL Board member
	<p>Not specified</p> <p>Remuneration: \$6,000 per month plus superannuation.</p> <p>There is no notice period specified per arrangement.</p>

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(d) Service Agreements (continued)

Name	Dr N Lindsay
Title	Executive Technical Director
Agreement commenced	1 January 2021
Term of agreement	<p>Nature of services - Executive technical director for Kachi project, with additional consulting during the year for professional geological and metallurgical engineering services.</p> <p>Basis of engagement - Prior to being appointed as an executive Director Dr Lindsay (while a non-executive Director) received consulting fees for work on the Kachi project and MS Project instalment at the daily rate of \$1,300 plus GST plus expenses.</p> <p>Remuneration as full-time employee from 1 January 2021 - Annual Base Salary of \$300,000.00 per annum exclusive of statutory superannuation contributions. Short term and long-term variable remuneration (STVR and LTVR) incentives are to be determined in conjunction with recommendations of an external independent remuneration consultant. Dr Lindsay was granted 2,500,000 performance rights pursuant to approval at a shareholder meeting held on 15 August 2019. An additional 461,715 performance shares were granted as compensation for services rendered during the year, and approved at meeting held 25 January 2022.</p> <p>If termination notice is given by Consolidated entity, the Consolidated entity shall be liable to pay full compensation for a six-month notice period. If notice is given by Dr Lindsay, the notice period is three months. The consolidated entity shall have the right to choose whether Dr Lindsay works his notice or paid in lieu of notice.</p> <p>STVR (Short term variable remuneration) - maximum entitlement to STVR will be approximately 20% of Base Pay and Benefits up to a maximum value of \$60,000 in the first year of the Term. The STVR package will comprise half cash and half in a grant of performance shares.</p> <p>LTVR (Long term variable remuneration) - maximum entitlement to LTVR will be approximately 40% of the annual value of your Base Pay and Benefits as at the Commencement Date, comprised in performance shares granted in tranches over three years, subject to achievement of the following performance hurdles, weighted as indicated:</p> <p>(1) for the first tranche, measured no later than 15 months after the Commencement Date - the Company putting a project team in place to build the Project DFS and building the demonstration plant on site (40%);</p> <p>(2) for the second tranche, measured at the end of the second year after the Commencement Date - closing the debt and equity financing for the Company's Kachi Lithium Brine Project (Kachi Project) on terms satisfactory to the Company (40%);</p> <p>(3) for the third tranche, measured at the end of the third year after the Commencement Date - the Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project (20%).</p>

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(c) Service Agreements (continued)

Name	P Neilsen
Title	Chief Financial Officer (from 13 July 2021) and Joint Company Secretary
Agreement commenced	11 July 2021
Term of agreement	Nature of services - Chief Financial Officer and Company Secretary
	Term - 3 years from date of appointment
	Remuneration: Commenced at \$330,000 per annum inclusive of statutory superannuation. Mr Neilsen's remuneration increased to \$420,000 plus superannuation effective 1 January 2022.
	Sign on bonus - 2 million options with exercise price of 50% greater than market price at commencement date and expiry of 3 years from commencement date. Mr Neilsen's remuneration package entitles him to participate in the performance based short term and long term variable remuneration plans of the Consolidated entity.
	STVR (Short term variable remuneration) - maximum entitlement to STVR will be approximately 20% of Base Pay and Benefits up to a maximum value of \$65,000 in the first year of the Term. The STVR package will comprise one third in cash and two thirds in a grant of performance shares
	LTVR (Long term variable remuneration) - maximum entitlement to LTVR will be approximately 20% of Base Pay and Benefits, up to a maximum value of \$195,000 per year for the three years after the Commencement Date. The LTVR package will comprise a grant of performance shares in tranches over three years. The associated performance hurdles and weighting will be:
	(1) for the first tranche, measured no later than 18 months after the Commencement Date - delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post Project finance close (25%);
	(2) for the second tranche, measured at the end of the second year after the Commencement Date - as agreed in consultation with you (or, failing agreement, as determined by us, acting reasonably) (30%);
	(3) for the third tranche, measured at the end of the third year after the Commencement Date - delivery of the Project into production with appropriate reporting mechanisms in place (45%).
	Mr Neilsen was granted 680,705 performance shares as compensation for services rendered during the year, and approved at meeting held 25 January 2022.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(c) Service Agreements (continued)

Name	G. Gill
Title	Chief Financial Officer and Joint Company Secretary (resigned on 13 July 2021)
Agreement commenced	15 October 2019
Term of agreement	Nature of services - Former Chief Financial Officer and Company Secretary, providing Company secretarial and financial consulting services post resignation date.
	The Consolidated entity entered into an agreement with Garry Gill and his company to provide services as Company Secretary and Chief Financial Officer. Services were provided on a part time basis at a rate of \$15,000 per month plus GST plus expenses.
	In July the Company announced that Mr Peter Neilsen would replace Mr Gill as Chief Financial Officer and Company Secretary and that Mr Gill would continue for a transitional period. Mr Gill continued to provide billable services up until May 2022.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(c) Service Agreements (continued)

Name	G Parimoo
Title	Chief Operating Officer
Agreement commenced	25 October 2021
Term of agreement	Nature of services - Chief Operating Officer; Kachi project management
	Until terminated
	Remuneration: US\$335,000 per year salary excluding superannuation. Mr Parimoo received a sign-on package of 2 million options immediately exercisable with a strike price at zero premium to the Lake Resources share price on the day, with a 3 year expiry.
	STVR (Short term variable remuneration) - maximum entitlement to 20% of Base Pay and Benefits up to a maximum value of \$67,000 [United States dollars] in the first year of the Term. The STVR package will comprise half cash and half in a grant of performance shares.
	LTVR (Long term variable remuneration) - maximum entitlement to LTVR equal to 40% of the annual value of Base Pay and Benefits as at the Commencement Date, comprised in performance shares granted in tranches over three years, subject to achievement of the following performance hurdles, weighted as indicated:
	(1) for the first tranche, measured no later than 15 months after the Commencement Date - the Company putting a project team in place to build the Project (40%);
	(2) for the second tranche, measured at the end of the second year after the Commencement Date - closing the debt and equity financing for the Company's Kachi Lithium Brine Project on terms satisfactory to the Company 20%);
	(3) for the third tranche, measured at the end of the third year after the Commencement Date - the successful commissioning of the project at 25,500 tonnes per annum lithium carbonate equivalent total production at the Kachi Project (40%).
	During secondment periods to Argentina, Mr Parimoo is provided with relocation, repatriation, housing, medical and educational allowance for himself and his family, and a company vehicle. Business return airfares himself and his family to Mr Parimoos' home base once a year are also provided by the Consolidated entity.
	Notice period - If termination notice is given by Consolidated entity, the Consolidated entity shall be liable to pay full compensation for a three-month notice period. If notice is given by Mr Parimoo, the notice period is three months. Consolidated entity shall have the right to choose whether Mr. Parimoo work his notice or be paid in lieu of notice.

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

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(d) Share-based compensation

(i) Terms and conditions of the share-based payment arrangements

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, prior or future reporting years are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	% Vested	% Expired/ Exercised
12-July-2021	12-July-2021	12-July-2024	\$0.55	\$0.231	100%	0%
14-Oct-2021	25-Oct-2021	25-Oct-2024	\$0.57	\$0.38	100%	0%

4,000,000 options over ordinary shares were issued to key management personnel following approval at the shareholder meetings. 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:

Name	Number of Options granted	Grant date	Vesting and exercise date	Expiry date	Exercise price	Fair value at grant date
P Neilsen	2,000,000	12-July-2021	12-July-2021	12-July-2024	\$0.55	\$0.231
G Parimoo	2,000,000	14-Oct-2021	25-Oct-2021	25-Oct-2024	\$0.57	\$0.380
Total	4,000,000					

Of the 4,000,000 options on issue at the exercise date, none have been exercised or expired.

Performance Rights

The terms and conditions of performance rights affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date	Value at Grant	No. of Rights Granted	Performance Hurdle	Performance achieved	No. vested and exercised	No. vested during the year and not exercised	Expired during the year
15-Aug-2019	15-Aug-24	\$0.0575	5,000,000	PFS	100%	5,000,000	-	-
15-Aug-2019	15-Aug-24	\$0.0575	2,500,000	Pilot plants	100%	-	2,500,000	-
15-Aug-2019	15-Aug-24	\$0.0575	7,500,000	Investor	67%	-	5,000,000	2,500,000

On 15 August 2019, 15,000,000 Performance rights were issued to Directors following approval at the shareholder meeting of 15 August 2019. Of the performance rights granted to Mr Promnitz and Dr Lindsay 5 million rights vested on 30 April 2020 and share were issued on 31 August 2020.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(d) *Share-based compensation (continued)*

(i) *Terms and conditions of the share-based payment arrangements (continued)*

Name	Number of Rights granted	Grant date	Expiry date	Fair value at grant date	Vested and exercised in a prior year	Expired during the year
S. Crow	5,000,000	15-Aug-2019	15-Aug-24	\$0.0575	-	-
S. Promnitz	5,000,000	15-Aug-2019	15-Aug-24	\$0.0575	2,500,000	2,500,000
N. Lindsay	5,000,000	15-Aug-2019	15-Aug-24	\$0.0575	2,500,000	-
Total	15,000,000	15-Aug-2019	15-Aug-24	\$0.0575	5,000,000	2,500,000

(d) *Share-based compensation (continued)*

(i) *Terms and conditions of the share-based payment arrangements (continued)*

Performance rights outcomes are as follows:

The Kachi Pre-Feasibility Study (PFS) completion resulted in 2,500,000 for Dr Lindsay and 2,500,000 for S Promnitz vested in the 2021 and converted into ordinary shares in 2022.

Mr Crow's 5 million performance rights vest dependent upon an investment partner signing an agreement to invest in the Kachi project in Catamarca (Investor). At 30 June 2020 the probability of obtaining an investment partner was assessed at 5%. It has been confirmed that the project will be funded 70% by international credit agencies sourced by SD Capital and GKB Ventures, with the remainder being provided by equity. It is now considered extremely likely that the vesting condition will be achieved, hence an increase to 100% probability was disclosed at 30 June 2022. Due to Mr Promnitz' resignation on the 17 June 2022, the unwinding of his remaining 2.5 million performance rights have taken place in the current financial year.

During the current financial period, an agreement to develop the Pilot Plant was signed with Lilac Solutions, with works commencing on the Pilot Plant at site. It is considered that the probability of the performance hurdle being achieved is 100%, as at 30 June 2022. Dr Lindsay's remaining 2.5 million performance rights has now vested as the Pilot Plant is established on-site at the Kachi project in Catamarca (Pilot Plant).

(i) *Performance shares*

Name	Number of Rights granted	Grant date	Expiry date	Converted to Shares/ Expired	Fair value at grant date	Expensed 2022
P. Neilsen	123,809	22-Feb-2022	12-Dec-22		\$0.9000	-
	139,285	22-Feb-2022	12-Mar-23		\$0.9000	
	167,142	22-Feb-2022	12-Sep-23		\$0.9000	
	250,714	22-Feb-2022	12-Sep-24		\$0.9000	
N. Lindsay	92,343	22-Feb-2022	1-Jun-22		\$0.9000	35,911
	147,749	22-Feb-2022	1-Jun-22		\$0.9000	143,645
	147,749	22-Feb-2022	1-Mar-23		\$0.9000	-
	73,874	22-Feb-2022	1-Mar-24		\$0.9000	71,823
Total	1,142,665					251,379

Directors exercised judgement in assessing the number of performance shares that are expected to vest. The vesting conditions and Directors assessment at 30 June 2022 are summarised below:

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(d) *Share-based compensation (continued)*

(i) *Terms and conditions of the share-based payment arrangements (continued)*

(i) *Performance shares (continued)*

Name	Number of Rights granted	Performance measure	Measurement date	Directors judgement at 30 June 2022
P. Neilsen	123,809	Delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post close of the Kachi Project finance and closing of debt financing for the Company's Kachi Project (60%)	12-Oct-22	In the Directors judgement, this milestone will not be met by 12 October 2022. Nil expense recorded.
	139,285	Delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post close of the Kachi Project finance	12-Jan-23	In the Directors judgement, this milestone will not be met by 12 January 2023. Nil expense recorded.
	167,142	Maintain and deliver accurate reporting across all facets of the business incorporating cash flows, pre-production and budgeting. Preparation of financial documents to the satisfaction of financiers, project banking syndicates and export credit agencies. Implementation and maintenance of acceptable budgetary and cash flow measures across Australia and Argentina	12-Jul-23	In the Directors judgement, this milestone will not be met by 12 July 2023. Nil expense recorded.
	250,714	Delivery of the Kachi Project into production with appropriate reporting mechanisms in place	12-Jul-24	In the Directors judgement, this milestone will not be met by 12 July 2024. Nil expense recorded.
N. Lindsay	92,343	Commencement of exploration and testing of brines from at least one of the Company's other projects	1-Apr-22	This tranche have vested. \$35,911 expense recognised.
	147,749	The Company putting a project team in place to build the Project DFS and building the demonstration plant on site	1-Apr-22	This tranche have vested. \$143,645 expense recognised.
	147,749	The Company closing the debt and equity financing for the Company's Kachi Project on terms satisfactory to the Company	1-Jan-23	In the Directors judgement, this milestone will not be met by 1 January 2023. Nil expense recorded.
	73,874	The Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project	1-Jan-24	In the Directors judgement, financing approval is expected before 1 January 2024 therefore expected that all 73,874 performance shares will vest. \$71,823 expense recognised.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

- (d) *Share-based compensation (continued)*
- (i) *Terms and conditions of the share-based payment arrangements (continued)*
- (i) *Performance shares (continued)*
- (e) *Link between remuneration and performance*

During the year, the Consolidated entity has generated losses from its principal activity of exploring and developing its suite of lithium projects. As the Consolidated entity is still growing the business, the link between remuneration, performance and shareholder wealth is difficult to define. Share prices are subject to the influence of fluctuation in the world market price for lithium and general market sentiment towards the sector, and, as such, increases or decreases may occur quite independently of Executive performance. Given the nature of the Consolidated entity's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods.

The earnings of the Consolidated entity for the five years to 30 June 2022 and share price as at each year end are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Net Loss	5,606,761	3,119,375	4,760,440	4,760,140	3,540,391
Net Assets	218,832,460	46,871,271	17,049,287	12,913,063	6,505,140
Share Price at year end (cents)	79.0	33.5	3.5	9.0	9.0

(f) *Additional disclosures relating to key management personnel*

Share holdings

Movements in the number of shares in the Consolidated entity held during the financial year by each director and other members of key management personnel of the Consolidated entity, including their personally related parties, are set out below:

2022					
Name	Balance at the start of the year	Received as part of remuneration	Additions	Disposal / Other	Balance at the end of the year
S. Crow	4,903,834	-	13,365,533	(350,000)	17,919,367
S. Promnitz	6,278,319	-	6,127,831	(12,406,150)	-
N. Lindsay	2,500,000	-	4,650,000	(3,933,333)	3,216,667
G. Gill	-	-	32,282	(32,282)	-
P Neilsen	-	-	37,850	-	37,850
Total	13,682,153	-	24,213,496	(16,721,765)	21,173,884

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(f) *Additional disclosures relating to key management personnel (continued)*

Options

Movements in the number of options over ordinary shares in the Consolidated entity held during the financial year by each director and other members of key management personnel of the Consolidated entity, including their personally related parties, are set out below:

Name	Balance at start of the year	Granted as remuneration	Exercised	Listed options received	Expired / forfeit	Balance end of year
S. Crow	5,000,000	-	(7,227,588)	2,227,588	-	-
S. Promnitz	5,000,000	-	(6,127,831)	2,255,662	(1,127,831)	-
N Lindsay	5,000,000	-	(4,650,000)	1,300,000	(1,650,000)	-
P Neilsen	-	2,000,000	-	-	-	2,000,000
G Parimoo	-	2,000,000	-	-	-	2,000,000
Total	15,000,000	4,000,000	(18,005,419)	5,783,250	(2,777,831)	4,000,000

Performance rights

Movements in the number of performance rights over ordinary shares in the Consolidated entity held during the financial year by each director and other members of key management personnel of the Consolidated entity, including their personally related parties, are set out below:

Name	Balance at start of year	Granted as remuneration	Converted to shares	Expired	Balance at end of year
S Crow	5,000,000	-	-	-	5,000,000
S Promnitz	2,500,000	-	-	(2,500,000)	-
N Lindsay	2,500,000	-	-	-	2,500,000
Total	10,000,000	-	-	(2,500,000)	7,500,000

Performance shares

Movements in the number of performance shares over ordinary shares in the Consolidated entity held during the financial year by each director and other members of key management personnel of the Consolidated entity, including their personally related parties, terms and conditions of these issuance are set out in section (b) Service Agreements in each respective party, are set out below:

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Remuneration report (Audited) (continued)

(f) Additional disclosures relating to key management personnel (continued)

Performance shares (continued)

2022					
Name	Balance at the start of the year	Granted as remuneration	Converted to shares	Expired	Balance at end of year
N Lindsay	-	461,715	-	-	461,715
P Neilsen	-	680,950	-	-	680,950
Total	-	1,142,665	-	-	1,142,665

Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	2022 \$	2021 \$
<i>Payment for services</i>		
Consultancy services provided by companies associated with Mr Stuart Crow (Director)	96,600	74,100
Consultancy services provided by a Consolidated entity associated with Dr Nicholas Lindsay (Director)	186,593	16,900
Consultancy services provided by former CFO Garry Gill (Executive)	108,260	-
	<u>391,453</u>	<u>91,000</u>
<i>Receivable from and (payable to) related parties</i>		
Consultancy services and directors' fees provided by an entity associated with Mr Stuart Crow	-	16,500
Consultancy services provided by an entity associated with Dr Nicholas Lindsay (Director)	-	21,064
Net advances to Mr Stephen Promnitz	1,077,773	(142,249)
	<u>1,077,773</u>	<u>(104,685)</u>

Disclosures relating to the advance to Mr Promnitz:

- The outstanding balance at 30 June 2022 was \$1,077,773 (2021: \$142,249)
- The terms and conditions at June 2022 of the advances are unsecured and has no personal guarantees.
- No provision for credit loss been recognised.

End of Audited Remuneration Report

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Shares under option

Unissued ordinary shares

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
09-Mar-2021	09-Mar-2023	\$0.30	6,524,157
13-Jul-21	12-Jul-24	\$0.55	2,000,000
01-Aug-21	1-Aug-24	\$0.50	5,601,000
19-Jan-22	19-Jan-25	\$1.48	1,000,000
14-Oct-21	25-Oct-24	\$0.57	2,000,000
16-Mar-22	01-Mar-23	\$1.00	100,000
16-Mar-22	15-Oct-22	\$0.75	225,000
26-Apr-22	26-Apr-22	\$1.42	1,036,122
26-Apr-22	26-Apr-22	\$1.42	1,036,122
26-Aug-22	26-Aug-22	\$1.50	1,000,000
Total			20,522,401

Each option is convertible to one ordinary share. Option holders do not have the right to participate in any other share issue of the Consolidated entity or of any other entity. For details of options issued to directors and other key management personnel as remuneration, refer to the remuneration report.

Shares issued on the exercise of options

During or since the end of the financial year, the Consolidated entity issued ordinary shares of the Consolidated entity as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued).

Date options granted	Expiry date	Exercise price	Number under option
16-Sep-19	31-Jul-21	\$0.09	14,000,000
09-Mar-2021	09-Mar-23	\$0.30	55,874,040
09-Mar-2021	09-Mar-23	\$0.30	11,351,803
27-Jan-2021	09-Mar-23	\$0.30	1,000,000
24-Apr-21	24-May-23	\$0.30	1,500,000
28-Jul-21	31-Dec-24	\$0.55	10,000,000
28-Jul-21	31-Dec-24	\$0.55	10,000,000
28-Jul-21	31-Dec-24	\$0.55	10,000,000
28-Jul-21	31-Dec-24	\$0.55	5,000,000
01-Aug-21	01-Aug-24	\$0.50	179,000
30-Aug-21	15-Jun-22	\$0.75	4,000,000
24-Aug-21	15-Oct-22	\$0.35	86,094,394
15-Oct-21	15-Jun-22	\$0.75	82,895,145
19-Aug-19	15-Jun-21	\$0.10	75,000
Total			291,969,382

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Shares under option (continued)

Shares issued on the exercise of options (continued)

Performance Rights

At the date of this report there were 7,500,000 unissued ordinary shares of Lake Resources NL under performance rights. During the financial year ended 30 June 2022, 2,500,000 performance rights have expired in relation to Directors. No performance rights have been issued or converted to shares since 30 June 2022. Information on the issue of performance rights to Directors is provided in the remuneration report above or converted to shares.

Performance Shares

At the date of this report there were 1,142,665 unissued ordinary shares of Lake Resources NL under performance shares. During the financial year ended 30 June 2022, no performance shares have expired in relation to Directors. No performance shares have been issued since 30 June 2022. Information on the issue of performance shares to Directors is provided in the remuneration report above and none converted to shares.

Indemnity and insurance of officers

The Consolidated entity has given an indemnity or entered into an agreement to indemnify directors and officers of the Consolidated entity against liabilities for costs and expenses incurred in defending legal proceedings arising from conduct while acting in the capacity as a director or officer of the Consolidated Entity, other than conduct involving a willful breach.

During the financial year, the Consolidated entity paid a premium in respect of a contract to insure the directors and officer of the Consolidated entity 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 Consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated entity 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 Consolidated entity, or to intervene in any proceedings to which the Consolidated entity is a party, for the purpose of taking responsibility on behalf of the Consolidated entity for all or part of those proceedings.

Non-audit services

BDO provided non-audit services of \$55,288 during the financial year ended 30 June 2022. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001 because none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Lake Resources NL
Directors' report
For the year ended 30 June 2022

Officers of the Consolidated entity who are former partners of BDO Audit Pty Ltd

There are no officers of the Consolidated entity who are former partners of BDO Audit Pty Ltd.

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 on the following page.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read "S. Crow", written over a light grey circular stamp.

S. Crow
Executive Chairman

30 September 2022

Lake Resources NL
Auditor's independence declaration
For the year ended 30 June 2022



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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF LAKE RESOURCES NL

As lead auditor of Lake Resources NL for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light grey circular stamp.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2022

Lake Resources NL
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Depreciation and amortisation expense		(51,298)	(337)
Administrative expenses	5	(868,985)	(234,451)
Corporate expenses	5	(3,416,414)	(1,269,593)
Employee benefits expense		(1,835,589)	(727,810)
Share based payments expense	5	(2,425,591)	(108,931)
Consultancy and legal costs	5	(3,374,051)	(550,873)
Exploration expenditure impaired		-	(301,700)
Foreign exchange gains and losses	4	6,952,373	299,472
Operating loss		(5,019,555)	(2,894,223)
Net Finance costs		25,126	-
Loss before income tax		(4,994,429)	(2,894,223)
Income tax expense	6	(688,666)	-
Loss for the year		(5,683,095)	(2,894,223)
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation reserve	9(b)	76,334	(225,152)
Total comprehensive income for the year		(5,606,761)	(3,119,375)
Loss for the year is attributable to:			
Owners of Lake Resources NL		(5,683,095)	(2,894,223)
Total comprehensive income for the year is attributable to:			
Owners of Lake Resources NL		(5,606,761)	(3,119,375)
		Cents	Cents
Basic loss per share	19	(0.51)	(0.35)
Diluted loss per share	19	(0.51)	(0.35)

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

Lake Resources NL
Consolidated statement of Financial Position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7(a)	175,444,065	25,657,074
Trade and other receivables	7(b)	5,734,693	278,079
Other current assets	7(c)	286,267	166,996
Total current assets		<u>181,465,025</u>	<u>26,102,149</u>
Non-current assets			
Property, plant and equipment	8(a)	640,623	79,941
Right-of-use assets	8(c)	229,692	-
Exploration and evaluation, development and mine properties	8(b)	41,549,942	21,736,854
Total non-current assets		<u>42,420,257</u>	<u>21,816,795</u>
Total assets		<u>223,885,282</u>	<u>47,918,944</u>
Liabilities			
Current liabilities			
Trade and other payables	7(d)	4,515,149	790,551
Lease liabilities	8(c)	80,235	-
Employee benefits	8(d)	169,661	75,235
Provisions	8(d)	85,947	153,889
Total current liabilities		<u>4,850,992</u>	<u>1,019,675</u>
Non-current liabilities			
Lease liabilities	8(c)	197,622	-
Provisions	8(d)	4,208	27,998
Total non-current liabilities		<u>201,830</u>	<u>27,998</u>
Total liabilities		<u>5,052,822</u>	<u>1,047,673</u>
Net assets		<u>218,832,460</u>	<u>46,871,271</u>
Equity			
Issued capital	9(a)	231,179,318	65,748,642
Reserves	9(b)	9,508,419	3,364,591
Accumulated losses	9(c)	(21,855,277)	(22,241,962)
Total equity		<u>218,832,460</u>	<u>46,871,271</u>

The above Consolidated statement of Financial Position should be read in conjunction with the accompanying notes.

Lake Resources NL
Consolidated statement of changes in equity
For the year ended 30 June 2022

Note	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2020	35,433,060	3,343,899	(21,727,672)	17,049,287
Loss for the year	-	-	(2,894,223)	(2,894,223)
Other comprehensive income	-	(225,152)	-	(225,152)
Total comprehensive income for the year	-	(225,152)	(2,894,223)	(3,119,375)
Transactions with owners in their capacity as owners:				
Contributions of equity	9(a) 34,343,799	-	-	34,343,799
Share issue costs	(2,625,776)	-	-	(2,625,776)
Share based payment	108,931	-	-	108,931
Issue of unlisted options to brokers	9(b) -	2,625,776	-	2,625,776
Transfer from option reserve to accumulated losses on options expired/exercised	-	(2,379,932)	2,379,932	-
	31,826,954	245,844	2,379,932	34,452,730
Balance at 30 June 2021	65,748,642	3,364,591	(22,241,962)	46,871,271
Loss for the year	-	-	(5,683,095)	(5,683,095)
Other comprehensive income	-	76,334	-	76,334
Total comprehensive income for the year	-	76,334	(5,683,095)	(5,606,761)
Transactions with owners in their capacity as owners:				
Contributions of equity	9(a) 175,575,639	-	-	175,575,639
Share issue costs	(10,144,963)	-	-	(10,144,963)
Share based payment	-	1,800,461	-	1,800,461
Issue of performance rights	-	625,129	-	625,129
Issue of unlisted options to brokers	9(b) -	9,711,684	-	9,711,684
Transfer from option reserve to accumulated losses on options expired/exercised	-	(6,069,780)	6,069,780	-
	165,430,676	6,067,494	6,069,780	177,567,950
Balance at 30 June 2022	231,179,318	9,508,419	(21,855,277)	218,832,460

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

Lake Resources NL
Consolidated statement of cash flows
For the year ended 30 June 2022

		2022	2021
Cash flows from operating activities	Note	\$	\$
Payments to suppliers		(7,990,430)	(2,432,983)
Income tax paid		(688,666)	-
Net cash (outflow) from operating activities		<u>(8,679,096)</u>	<u>(2,432,983)</u>
 Cash flows from investing activities			
Payments for property, plant and equipment	8(a)	(615,061)	(79,745)
Payments for exploration and evaluation		(23,596,548)	(4,718,136)
Loans to related parties		(1,626,762)	-
Repayment of loans to related parties		470,448	-
Net cash (outflow) from investing activities		<u>(25,367,923)</u>	<u>(4,797,881)</u>
 Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	9(a)	174,193,136	32,799,927
Proceeds to/from borrowings	18(b)(II)	-	200,000
Repayment of borrowings	18(b)(II)	-	(167,500)
Principal payments of lease liabilities		(19,440)	-
Lease liability on inception		289,208	-
Interest charge		8,090	-
Net Proceeds from foreign exchange contracts		9,363,016	-
Net cash inflow from financing activities		<u>183,834,010</u>	<u>32,832,427</u>
 Net increase in cash and cash equivalents		149,786,991	25,601,563
Cash and cash equivalents at the beginning of the financial year		25,657,074	55,511
Cash and cash equivalents at end of year	7(a)	<u>175,444,065</u>	<u>25,657,074</u>

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

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

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.

(a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lake Resources NL is a for-profit entity for the purpose of preparing the consolidated financial statements.

Compliance with IFRS

The consolidated financial statements of the Lake Resources NL and its subsidiaries (Consolidated entity) also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

(i) New standards and interpretations not yet adopted

Certain new accounting amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting years and have not been early adopted by the Consolidated entity. The Consolidated entity's assessment of the impact of these new standards and interpretations is set out below. These standards, amendments or interpretations are not expected to have a material impact on the Consolidated entity in the current or future reporting years and on foreseeable future transactions.

(b) Critical accounting estimates

The preparation of consolidated 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 consolidated financial statements, are disclosed in note 2.

(b) 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity.

1 Significant accounting policies (continued)

(c) Impact of Coronavirus (COVID-19) (continued)

Background

The spread of novel coronavirus (COVID-19), a respiratory illness caused by a new virus, was declared a public health emergency by the World Health Organisation in January 2020 and upgraded to a global pandemic in March 2020. This pandemic has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening.

Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Consolidated entity has considered the effects of these events based on the information at the date of issuing this financial report and potential effects of business and other market volatility in preparing its financial statements.

Impact and considerations for the financial statements / report of the Consolidated entity

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. The Consolidated entity has determined that its financial position and performance will not be significantly or materially impacted by COVID-19 when considering the nature of the Company's operations, supplier base, and levels of activity to date. In particular, the Directors have assessed the potential impact on

- the Consolidated entity's ability to raise capital and loan funds.
- conducting day to day exploration and development activities at its flagship Kachi Lithium Brine Project in Catamarca Province and its Cauchari Lithium Brine Project in Jujuy Province and
- the activities of the Consolidated entity's technology partner, Lilac Solutions Inc (Lilac), in California.

The Consolidated entity was successful in raising of equity in 2022 and experienced strong levels of exercise of its listed options by June 2022 raising an additional \$175,575,639. The Consolidated entity announced the receipt of formal expressions of interest from UK Export Finance and Canada's Export Credit Agency to work with the Consolidated entity to provide the project finance for the development at approximately 70% of the project cost.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, the Argentine Government, and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The Company will continue to monitor events as they occur to ensure that the potential impacts of the pandemic are minimised whilst ensuring safe working conditions for staff and contractors.

Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

1 Significant accounting policies (continued)

(d) 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 \$5,606,761 and net cash outflows from operating and investing activities of \$30,528,461 for the year ended 30 June 2022. At 30 June 2022, the Company had net current assets of \$176,614,032 including \$175,444,065 in cash and cash equivalents.

The Directors are satisfied with the ability of the Consolidated entity to continue as a going concern based on the following factors:

- During the year ended 30 June 2022, unlisted Bonus Options were issued and exercised (86,094,394 options), with an exercise price of A\$0.35 by the due date being 15 October 2021. This raised in excess of \$30,133,038 capital for the Consolidated entity. A 1-for-1 Additional Bonus Options issue also commenced in October 2021, at an exercise price of A\$0.75 and an expiry date of 15 June 2022. The company subsequently made application to the ASX to have these shares listed (LKEOC). The bonus options were mostly converted, with cancellation of 3,251,249 unexercised options. The bonus options issue raised a further A\$62,171,359 to the Company's cash reserves by June 2022, prior to the final investment decision on the Kachi Project.
- In addition to the bonus options, the Consolidated entity has previously issued options to investors and others with exercise prices that are now less than the current share price.
- The Directors have prepared cash forecasts which indicate that current funds are sufficient to meet the current year's budgeted program of work including the DFS and associated drilling, and exploration work, and the required hydrological, environmental and technical studies planned for the forthcoming 12-month period
- On 22 September 2021, Lake Resources NL (ASX: LKE; OTC: LLKKF) and Lilac Solutions, Inc. announced that after extensive successful test-work, they have entered into a partnership for technology and funding to develop Lake's Kachi Lithium Brine Project (Kachi) in Argentina. Under the terms of the partnership earn-in, Lilac is able to achieve an equity stake in the Kachi project with certain corresponding project funding obligations, while providing its leading technology to advance the project. In accordance with the executed agreement Lilac agrees to:
 - Engage, at its Cost, in a demonstration of the efficacy of the Lilac Project Technology with Kachi Project Brines using pilot-scale module(s) at Lilac's facility in Oakland, California, USA; and
 - Assist with the development of the Pilot Project, by:
 - (1) funding, at its own Cost, the construction, deployment and operation by Lilac of an ion exchange lithium extraction plant based on the Lilac Project Technology at the Kachi Project (Lilac Pilot Unit); and
 - (2) by completing the Testing.
- On 7 March 2022 the company issued 40,000,000 fully paid ordinary shares at a price of \$0.975 to raise \$39,000,000 before costs.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

1 Significant accounting policies (continued)

(d) Going concern (continued)

Based on successful capital raising to date, and likely further capital raising in the US, the Directors are confident that the Consolidated entity is well funded for the current planned works, as budgeted, for at least the next twelve months from the date of this report. As such, the going concern basis of preparation for the financial report as at 30 June 2022 is deemed appropriate.

(e) 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 15.

(f) 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 16.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Consolidated entity from the date on which control is obtained by the Consolidated entity. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between consolidated 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 Consolidated entity.

(g) Operating segment

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.

(h) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars.

The functional currency of each of the entities in the Consolidated entity is measured using the currency of the primary economic environment in which the entity operates. The Consolidated entity's financial statements are presented in Australian dollars which is the functional and presentation currency of Lake Resources N.L. (the parent and reporting entity).

(ii) Transactions 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 profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

1 Significant accounting policies (continued)

(h) Foreign currency translation (continued)

(i) Transactions and balances (continued)

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 profit or loss and other comprehensive income.

(iii) Foreign operations

The functional currency of the Consolidated entity's foreign operations in Argentina is US Dollars (USD). From 1 July 2018, Argentina was declared a hyperinflationary economy due to the significant devaluation of the Argentine Peso (ARS). However, as the functional currency of the Argentine subsidiaries is USD, there was no material impact arising from the hyperinflationary effects of the ARS to the Consolidated entity's consolidated financial report.

The assets and liabilities of foreign operations are translated into Australian dollars (the presentation currency) 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.

(i) Financial instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

(i) Financial assets at amortised cost

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

(ii) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(iii) Financial assets at fair value through comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

1 Significant accounting policies (continued)

(i) Financial instruments (continued)

(iv) Impairment of financial assets

The Consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(j) Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiaries operate and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Consolidated entity measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1 Significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(k) 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.

(l) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Entity-specific details about the group's leasing policy are provided in note 8(c).

1 Significant accounting policies (continued)

(m) 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.

(n) Other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(o) 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 Consolidated entity's share of net assets of the joint venture.

(p) 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.

(q) Impairment of non-financial assets

At each reporting date, the Consolidated entity assesses whether there is any indication that a 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.

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

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

1 Significant accounting policies (continued)

(r) Property, plant and equipment

The Consolidated entity's accounting policy for land and buildings is explained in note 8(a). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

The depreciation methods and years used by the Consolidated entity are disclosed in note 8(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(q)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Consolidated entity policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(s) 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 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.

(t) 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.

(u) 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.

Other borrowing costs are expensed in the year in which they are incurred.

1 Significant accounting policies (continued)

(v) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

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

Other long-term employee benefit obligations

The Consolidated entity also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting year, regardless of when the actual settlement is expected to occur.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees and consultants

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and consultants 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 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:

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

1 Significant accounting policies (continued)

(v) Employee benefits (continued)

Share-based payments (continued)

- 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.

(w) Fair Value of Assets and Liabilities

The Consolidated entity 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 assets or liabilities measured at fair value.

Fair value is the price the Consolidated entity would receive to see an asset or would have to pay to transfer a liability in an orderly (i.e., 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.

1 Significant accounting policies (continued)

(w) Fair Value of Assets and Liabilities (continued)

Fair value hierarchy

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Refer to Note 20 for the disclosures on inputs used in the fair value measurement of share based payments granted during the year.

(x) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

(y) 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.

(z) 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

1 Significant accounting policies (continued)

(z) Earnings per share (continued)

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.

(aa) 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.

Value Added Tax (VAT) in Argentina is assessable on the sale value of goods and services. To the extent that VAT credits on purchased goods and services cannot be claimed as refunds, the amount is recognised in income tax expense.

(ab) Comparative Figures

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

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.

(a) 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.

Refer to Note 20 for the disclosures on inputs used in the fair value measurement of share based payments granted during the year.

(b) 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. For the basis of determination the following was considered:

- (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed - all leases were reviewed and are current with the intention to renew;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned - there is a budget for all project up until 2023;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area - there is planned exploration for all current projects;
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from the successful development or by sale - studies conducted indicate commercial viable qualities of mineral resources exist to the effect that the cost of the development including carrying amount to date will be recovered.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

2 Operating segments

Segment information

The Consolidated entity currently operates entirely in the mineral exploration industry with interests in Argentina 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

	Argentina 2022 \$	2021 \$	Australia 2022 \$	2021 \$	Total 2022 \$	2021 \$
(Expenses)/Other income	4,139,744	-	(9,822,839)	(2,894,223)	(5,683,095)	(2,894,223)
Loss after income tax expense for the year attributable to the owners of Lake Resources NL	4,139,744	-	(9,822,839)	(2,894,223)	(5,683,095)	(2,894,223)
Additions during the year						
Exploration expenditure	20,139,126	4,911,133	3,636,585	-	23,775,711	4,911,133
Property, plant and equipment	605,889	79,746	9,204	-	615,093	79,746
Right-of-Use Lease Asset	229,692	-	-	-	229,692	-
	-	-	-	-	-	-
Total segment assets	32,078,749	21,973,065	191,806,536	25,945,878	223,885,285	47,918,943
Total segment liabilities	3,351,977	350,185	1,700,847	697,488	5,052,824	1,047,673

3 Foreign exchange gains and losses

	2022	2021
	\$	\$
Foreign exchange contracts (USD/ARS swaps)	9,363,016	-
Realized gain or loss	16,434	303,778
Unrealized gain or loss	(2,427,077)	(4,306)
	<u>6,952,373</u>	<u>299,472</u>

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

4 Loss before income tax

Loss before income tax includes the following specific expenses:

	2022 \$	2021 \$
Administrative expenses		
Entertainment - Tax - Deductable	(21,285)	130,682
Fines & Penalties - Tax - Non-Deductible	(1,252)	-
Other	891,522	103,769
	<u>868,985</u>	<u>234,451</u>
Corporate expenses		
Allowance for credit losses	-	146,352
Travel	570,872	21,772
Advertising	-	10,475
Other	-	105,855
Filing Fees - ASIC	-	9
Investor Relations	-	588,347
Share registry maintenance	-	326,198
Investor Relations	1,345,086	-
Share Registry Maintenance	710,659	-
Marketing Expenses - Advertising	299,837	-
Auditors fees	489,960	70,585
	<u>3,416,414</u>	<u>1,269,593</u>
Employee benefit expense		
Employee benefits expense	<u>1,835,589</u>	<u>727,810</u>
Share based payment		
Share based payments expense	<u>2,425,591</u>	<u>108,931</u>
Consultancy and legal costs		
Legal expenses	669,050	76,041
Directors fees	244,143	74,100
Other	481,171	188,714
Consulting Fee	1,979,687	212,018
	<u>3,374,051</u>	<u>550,873</u>
Net Finance costs		
Finance income	(34,804)	-
Interest and finance charges payable for lease liabilities	<u>8,090</u>	<u>-</u>
Interest expense	<u>1,588</u>	<u>-</u>

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

4 Loss before income tax (continued)

	2022 \$	2021 \$
Superannuation expense		
Defined contribution superannuation expense	131,026	28,995

5 Income tax expense

(a) Reconciliation

Current tax on profits for the year	(1,413,010)	(733,543)
Deferred income tax benefit	2,101,676	733,543
Aggregated Income tax expense/(benefit)	688,666	-

(b) Numerical reconciliation of income tax expense

The prima facie income tax on the profit/(loss) is reconciled to the income tax expense as follows:	(4,994,429)	(2,894,223)
Prima facie tax benefit 30% (2021 - 26%) on loss before income tax	(1,498,329)	(752,498)
Add tax effect of:		
Non deductible expenses	761,457	18,955
Argentinian tax inflation adjustment	(676,138)	-
Deferred tax asset not recognized	2,101,676	733,543
Income tax expense	688,666	-

The Consolidated entity has unrecouped, unconfirmed carry forward tax losses of approximately \$46,204,476 million (2021: \$26,463,170 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 Consolidated entity 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 Consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Consolidated entity in realising the benefit from the losses

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

5 Income tax expense (continued)

(c) Deferred tax assets

	2022 \$	2021 \$
The balance comprises temporary differences attributable to:		
Accrued expenses	398,668	8,969
Employee provisions	38,646	55,047
Business related costs (s 40-880)	74,618	63,872
Unrealised foreign exchange losses	728,123	-
Carry forward losses	13,861,343	6,615,792
	<u>15,101,398</u>	<u>6,743,680</u>
 <i>Deferred tax assets not recognised in equity:</i>		
Capital Raising Expenses	1,551,720	956,243
Total deferred tax assets	<u>16,653,118</u>	<u>7,699,923</u>
 Set-off of deferred tax liabilities pursuant to set-off provisions	(5,893,145)	(2,367,829)
Deferred tax assets not recognised	<u>(10,759,973)</u>	<u>(5,332,094)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>

(d) Deferred tax liabilities

	2022 \$	2021 \$
The balance comprises temporary differences attributable to:		
Exploration Expenditure	(5,893,145)	(2,321,076)
Foreign Exchange Gain/(losses)	-	(46,753)
	<u>(5,893,145)</u>	<u>(2,367,829)</u>
 Total deferred tax liabilities	<u>(5,893,145)</u>	<u>(2,367,829)</u>
 Set-off of deferred tax liabilities pursuant to set-off provisions	5,893,145	2,367,829
Net deferred tax liabilities	<u>-</u>	<u>-</u>

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

6 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2022	2021
	\$	\$
Current assets	145,154,034	25,657,074
Cash at bank	30,290,031	-
Deposits at call	175,444,065	25,657,074

(b) Trade receivables

	2022	2021
	\$	\$
Current assets		
Other receivables	4,656,850	424,431
Provision for impairment	-	(146,352)
Loan receivable	1,077,773	-
	5,734,693	278,079

Other receivables include amounts recoverable from Argentina tax authority in relation to VAT paid on purchases to suppliers to date. Majority of the suppliers paid is in relation to exploration and evaluation costs. It is highly likely that the VAT will be recoverable either before or after entering Production phase.

During the 2022 financial year a short-term loan for \$1,077,773 was drawn by Mr. S.Promnitz. Due to the short term nature of these receivables, their carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security. While the Directors have made their best endeavours to quantify the balance of the loan owing, a number of transactions are disputed by Mr Promnitz and the Group awaits documentation from Mr Promnitz to support his position. The matter is going but the Directors expect full recovery of the amounts owing.

(c) Other current assets

	2022	2021
	\$	\$
Prepayments	280,906	161,996
Deposits	5,361	5,000
	286,267	166,996

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

6 Financial assets and financial liabilities (continued)

(d) Trade and other payables

	2022	2021
	\$	\$
Current liabilities		
Trade payables	3,020,513	637,163
Accrued expenses	1,328,895	35,875
Payroll tax and other statutory liabilities	165,741	117,513
	<u>4,515,149</u>	<u>790,551</u>

(e) Current liabilities - borrowings

Short term loans

During the 2021 financial year a short-term loan for \$200,000 was drawn and repaid in cash and through an issue of shares (refer below). A loan service fee of \$27,500 and \$32,500 of principal was paid through an issue of shares (refer Note 20(d)).

	2022	2021
	\$	\$
Advances from Director, Mr. S Promnitz		
Loan drawn	-	200,000
Loan service fee	-	27,500
Repayment by cash	-	(167,500)
Repayment by share issue	-	(60,000)
Closing balance	<u>-</u>	<u>-</u>

7 Non-financial assets and liabilities

(a) Property, plant and equipment

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Plant and Equipment		
Cost	54,128	16,790
Accumulated depreciation	(5,399)	(5,763)
Total plant and equipment	<u>48,729</u>	<u>11,027</u>

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

7 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

		Consolidated	
		30 June 2022	30 June 2021
		\$	\$
Furniture, fittings and equipment			
Cost		65,357	12,666
Accumulated depreciation		(3,810)	(3,118)
Total furniture, fittings and equipment		61,547	9,548
Motor vehicles			
Cost		405,744	74,670
Accumulated depreciation		(47,316)	(17,254)
Total machinery and vehicles		358,428	57,416
Building improvement			
Cost		72,150	1,435
Accumulated depreciation		(3,038)	(553)
Total building improvement		69,112	882
Other property plant and equipment			
Cost		125,503	2,228
Accumulated depreciation		(22,696)	(1,160)
Total other property plant and equipment		102,807	1,068
Total property, plant and equipment		640,623	79,941

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

7 Non-financial assets and liabilities (continued)

(a) Property, plant and equipment (continued)

(i) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis

(ii) Revaluation, depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Buildings 25 - 40 years
- Machinery 10 - 20 years
- Vehicles 3 - 5 years
- Furniture, fittings and equipment 3 - 8 years

Furniture, fittings and equipment include assets received in the form of free store fit outs which are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

All other property, plant and equipment is recognised at historical cost less depreciation.

(b) Exploration and evaluation, development and mine properties

	2022 \$	2021 \$
Exploration and evaluation asset		
Cost	<u>41,549,942</u>	<u>21,736,854</u>

Reconciliations

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

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

7 Non-financial assets and liabilities (continued)

(b) Exploration and evaluation, development and mine properties (continued)

	Exploration and evaluation asset \$
At 1 July 2020	
Cost	17,352,504
Year ended 30 June 2021	
Opening net book amount	17,352,504
Additions - direct exploration costs	4,911,133
Effect of foreign currency translation	(225,152)
Impairment - Chile exploration expenditure	(301,631)
Closing net book amount	21,736,854
At 30 June 2021	
Cost	21,736,854
Year ended 30 June 2022	
Opening net book amount	21,736,854
Additions - direct exploration costs	23,496,549
Effect of foreign currency translation	(2,738,531)
VAT Receivable	(944,930)
Closing net book amount	41,549,942
At 30 June 2022	
Cost	41,549,942

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.

Right-of-use assets	229,692	-
Buildings	229,692	-

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

7 Non-financial assets and liabilities (continued)

(c) Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022	2021
	\$	\$
Lease liabilities		
Current	80,235	-
Non-current	197,622	-
	<u>277,857</u>	<u>-</u>

Additions to the right-of-use assets during the 2022 financial year were \$258,111 (2021 - \$nil)

(ii) Amounts recognised in the statement of other comprehensive income

Depreciation charge of right of use assets	28,419	-
	<u>28,419</u>	<u>-</u>

(iii) The Consolidated entity leasing activities and how these are accounted for

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Consolidated entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Consolidated entity:

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Consolidated entity uses that rate as a starting point to determine the incremental borrowing rate of 10%.

The Consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Consolidated entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

7 Non-financial assets and liabilities (continued)

(c) Leases (continued)

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Consolidated entity. These are used to maximise operational flexibility in terms of managing the assets used in the Consolidated entity's operations. The majority of extension and termination options held are exercisable only by the Consolidated entity and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(d) Employee benefit obligations

	2022 Current \$	Non- current \$	2021 Current \$	Non- current \$
Provisions: Annual Leave - Australia	85,947	-	153,889	-
Provisions: Long service leave - Australia	-	4,208	-	27,998
Employee Benefits: Leave and other benefits payable - Argentina	169,661	-	75,235	-
Closing balance at 30 June	255,608	4,208	229,124	27,998

8 Equity

(a) Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	1,389,707,907	1,058,077,328	231,179,318	65,748,642

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(a) Issued capital (continued)

(i) Movements in share capital:

Details	Notes	Number of shares	Issue price \$	\$
Opening balance 1 July 2020		671,461,958	-	35,433,060
Issue of shares - Placement		85,666,667	0.033	2,570,000
Conversion of Performance rights		5,000,000	-	-
Shares issued under CPA		15,000,000	0.033	495,000
Shares issued under CPA		15,000,000	0.060	900,000
Shares issued to expand CPA agreement		25,000,000	-	-
Shares issued under CPA		9,000,000	0.046	414,000
Shares issued under CPA		40,000,000	0.084	3,375,000
Issue of shares - SBI options		710,900	0.084	60,000
Issue of shares - Placement		9,300,000	0.046	427,800
Issue of shares - Placement		5,555,000	0.080	444,400
Issue of shares - Placement		50,000	0.165	8,250
Issue of shares - Share Purchase Plan		125,000,000	0.165	20,625,000
Listed options exercise		51,332,803	0.100	5,133,280
Less: Transaction costs arising on share issue - as cash		-	-	(1,511,372)
Less: Transaction cost arising on options issued - to brokers (20)b		-	-	2,625,776
Balance 30 June 2021		1,058,077,328	-	65,748,642
Issue of shares - Director share options		14,000,000	0.090	1,260,000
Issue of shares - Redcloud options		1,500,000	0.300	450,000
Issue of shares - Roth SBP options		67,124,040	0.300	20,137,212
Issue of shares - Lodge Partners options		4,000,000	0.750	3,000,000
Issue of shares - Roth SBP options		1,000,000	0.170	165,000
Issue of shares - Cannacord options		35,000,000	0.550	19,250,000
Issue of shares - SD Capital/GKB options		17,000	0.490	8,330
Issue of shares - Acuity Capital Holding		40,000,000	0.980	39,000,000
Listed options exercised		82,895,145	0.750	62,171,359
Listed options exercised		86,094,394	0.350	30,133,038
Issue of shares - Lekir Holdings		2,000	0.980	700
Less: Transaction costs arising on share issue - as cash		-	-	(433,279)
Less: Transaction cost arising on options issued - to brokers (20)b		-	-	(9,711,684)
Balance 30 June 2022		1,389,709,907	-	231,179,318

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Consolidated entity 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(a) Issued capital (continued)

Ordinary shares (continued)

	2022	2021
	\$	\$
Issue of shares net of issue costs	186,330,411	30,315,582
Deduct shares in lieu of payments:		
Share based payments (Note 20)	(2,425,591)	(108,931)
Equity settled loan repayments (Note 7(g)) Add back	-	(32,500)
Options issues as issue costs (Note 20)	(9,711,684)	2,625,776
Proceeds from issue of shares, net of transaction costs	174,193,136	32,799,927

(ii) Share based payment transactions in share capital movements

Issues of share capital and certain share issue cost during the year included the equity-settled share-based payment transactions for the payment for fees and of services as detailed in Note 20.

(iii) Performance rights

Movements in Performance Rights were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Balance at the end of the year	Vested during year but not converted	Expired during the year
2022							
24-Feb-22	12-Sep-24	10,000,000		(2,500,000)	7,500,000	7,500,000	2,500,000
2021							
15-Aug-2019	15-Aug-24	15,000,000	-	(5,000,000)	10,000,000	-	

On 15 August 2019, 15,000,000 Performance rights were issued to Directors following approval at the shareholder meeting of 15 August 2019. Of the performance rights granted to Mr Promnitz and Dr Lindsay 5 million rights vested on 30 April 2020 and were issued on 31 August 2020.

The terms and conditions of performance rights on issue at 30 June 2021 affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Expiry date	No. of Rights granted	Performance hurdle	Performance achieved	No. vested and exercised	No. vested and not exercised	No. expired during the year
15-Aug-2019	15-Aug-2019	5,000,000	PFS	100%	5,000,000		
15-Aug-2019	15-Aug-24	2,500,000	Pilot plants	100%		2,500,000	
15-Aug-2019	15-Aug-24	7,500,000	Investor	100%		5,000,000	2,500,000

Performance rights outcomes are as follows:

The Kachi Pre-Feasibility Study (PFS) completion resulted in 2,500,000 for S.Crow and 2,500,000 for S Promnitz vested in the 2021 and converted into ordinary shares in 2022.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(a) Issued capital (continued)

(iii) Performance rights (continued)

Mr Crow's 5 million performance rights vest dependent upon an investment partner signing an agreement to invest in the Kachi project in Catamarca (Investor). At 30 June 2020 the probability of obtaining an investment partner was assessed at 5%. It has been confirmed that the project will be funded 70% by international credit agencies sourced by SD Capital and GKB Ventures, with the remainder being provided by equity. It is now considered extremely likely that the vesting condition will be achieved, hence an increase to 100% probability was disclosed at 30 June 2022. Due to Mr Promnitz' resignation on the 17 June 2022, the unwinding of his remaining 2.5 million performance rights have taken place in the current financial year.

During the current financial period, an agreement to develop the Pilot Plant was signed with Lilac Solutions, with works commencing on the Pilot Plant at site. It is considered that the probability of the performance hurdle being achieved is 100%, as at 30 June 2022. Dr Lindsay's remaining 2.5 million performance rights has now vested as the Pilot Plant is established on-site at the Kachi project in Catamarca (Pilot Plant).

(iv) Performance shares

Movements in Performance Shares were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares/ Expired	Balance at the end of the year	Vested during year but not converted
2022						
24-Feb-22	12-Dec-22		123,809		123,809	
24-Feb-22	12-Mar-23		139,285		139,285	
24-Feb-22	12-Sep-23		167,142		167,142	
24-Feb-22	12-Sep-24		250,714		250,714	
24-Feb-22	1-Jun-22		92,343		92,343	92,343
24-Feb-22	1-Jun-22		147,749		147,749	147,749
24-Feb-22	1-Mar-23		147,749		147,749	
24-Feb-22	1-Mar-23		73,874		73,874	
			1,142,665		1,142,665	240,092
2021		-	-	-	-	-

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(a) Issued capital (continued)

(v) Options

Movements in options were as follows

	Grant / Vest		Exercised		Balance at 1		Expired		Balance at	
	date	Expiry date	price	July 2021	Issued	Unexercised	Exercised		30 June 2022	
Issue to SBI listed	16-Sep-19	31-July-21	\$0.09	15,000,000	-	(1,000,000)	(14,000,000)		-	
Roth fee options	09-Mar-21	09-Mar-23	\$0.30	11,250,000	-	-	(11,250,000)		-	
Roth SBP options	27-Jan-21	09-Mar-23	\$0.30	1,000,000	-	-	(1,000,000)		-	
Red Cloud	24-Apr-21	24-May-23	\$0.30	1,500,000	-	-	(1,500,000)		-	
Cannacord Tranch	28-Jul-21	31-Dec-24	\$0.55	-	35,000,000	-	(35,000,000)		-	
Peter Neilsen (CFO)			-	-	2,000,000	-	-		2,000,000	
SD Capital / GKB	1-Aug-21	1-Aug-24	\$0.50	-	5,780,000	-	(17,000)		5,763,000	
Lodge Partners	30-Aug-21	15-Jun-22	\$0.75	-	4,000,000	-	(4,000,000)		-	
SLR Consulting	19-Jan-22	19-Jan-25	\$1.48	-	1,000,000	-	-		1,000,000	
Gautam Parimoo (COO)	14-Oct-21	25-Oct-24	\$0.57	-	2,000,000	-	-		2,000,000	
Corporate Connect	16-Mar-22	01-Mar-23	\$1.00	-	100,000	-	-		100,000	
Simon Russel Francis	16-Mar-22	15-Oct-22	\$0.75	-	225,000	-	-		225,000	
SD Capital	26-April-22	26-April-25	\$1.42	-	1,036,122	-	-		1,036,122	
GKB Ventures	26-April-22	26-April-25	\$1.42	-	1,036,122	-	-		1,036,122	
				28,750,000	52,177,244	(1,000,000)	(66,767,000)		13,160,244	

(vi) Capital risk management

Exploration companies such as Lake Resources NL are funded primarily by share capital. The Consolidated entity's capital comprises share capital supported by financial assets and financial liabilities.

Management controls the capital of the Consolidated entity 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 Consolidated entity is in its exploration stage. There are no externally imposed capital requirements.

(b) Other reserves

	2022	2021
	\$	\$
Capital profits reserve	4,997	4,997
Performance rights reserve	970,130	345,000
Foreign currency translation reserve	465,152	388,818
Option reserves	8,068,140	2,625,776
Total equity reserves	9,508,419	3,364,591

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(b) Other reserves (continued)

(I) Capital profits reserve

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

(II) 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. Once options in a series have all been exercised or have expired, the reserve related to those options is transferred to accumulated losses.

(III) 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. Once all performance rights in the series have vested or have expired, the reserve related to those options is transferred to accumulated losses.

(IV) Foreign currency translation

The foreign currency translation reserve recognises exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

(V) Movements in reserves

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

	Capital profit reserve	Option reserve	Performance Rights reserve	Other Comprehensive Income	Total other reserves
	\$	\$	\$	\$	\$
At 1 July 2020	4,997	2,379,932	345,000	613,970	3,343,899
Issued to brokers - capital raising	-	2,625,776	-	-	2,625,776
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(2,379,932)	-	-	(2,379,932)
Translation of foreign operations	-	-	-	(225,152)	(225,152)
At 30 June 2021	4,997	2,625,776	345,000	388,818	3,364,591

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

8 Equity (continued)

(b) Other reserves (continued)

(V) *Movements in reserves (continued)*

	Capital profit	Option	Performance	Other	Total other
	reserve	reserve	rights reserve	Comprehensive Income	reserves
Note	\$	\$	\$	\$	\$
At 1 July 2021	4,997	2,625,776	345,000	388,818	3,364,591
Issued to brokers - capital raising	-	9,711,684	-	-	9,711,684
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(6,069,780)	-	-	(6,069,780)
Translation of foreign operations	-	-	-	76,334	76,334
Share-based payment expenses	20	1,800,461	625,129	-	2,425,590
At 30 June 2022	4,997	8,068,141	970,129	465,152	9,508,419

(c) Accumulated losses

	Note	2022 \$	2021 \$
Balance 1 July		(22,241,962)	(21,727,672)
Loss after income tax expense for the year		(5,683,095)	(2,894,223)
Transfer from option reserve	9(b)(V)	6,069,780	2,379,933
Balance 30 June		(21,855,277)	(22,241,962)

9 Dividends

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

10 Financial instrument

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.

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.

(a) 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

10 Financial instrument (continued)

(a) Foreign currency risk (continued)

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 foreign bank accounts in USD and ARS which are used to fund its exploration activities in Argentina.

The carrying amount of the Consolidated entity's foreign currency denominated financial instruments at the reporting date were as follows, expressed in AUD.

	Assets		Liabilities	
	2022	2021	2022	2021
	\$	\$	\$	\$
US dollars	10,236,259	7,790,842	266,365	129,323
Pound Sterling	-	-	95,397	51,159
Canadian dollars	-	-	37,017	21,539
Argentina pesos	578,239	29,696	2,294,900	152,453
Total	10,814,498	7,820,538	2,693,679	354,474

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

	AUD strengthen by 1%		AUD weaken by 1%	
	Impact on		Impact on	
	Profit before tax	Equity	Profit before tax	Equity
	\$	\$	\$	\$
2022				
USD assets	(101,349)	38,031	103,397	37,278
USD liabilities	(2,637)	(38,031)	2,691	(37,278)
GBP liabilities	(945)	(25,772)	945	25,261
CAD liabilities	(367)	(63,262)	374	62,009
ARS liabilities	(22,722)	(11)	23,181	(11)
ARS assets	(5,725)	11	5,841	11
Total	(133,745)	(89,034)	136,429	87,270
2021				
USD assets	77,908	(127,789)	(77,908)	125,258
USD liabilities	(1,293)	127,789	1,293	(125,258)
GBP liabilities	(512)	66,668	512	(65,348)
CAD liabilities	(215)	196,067	215	(192,184)
ARS liabilities	(1,525)	44	1,525	(43)
ARS assets	297	(44)	(297)	43
Total	74,660	262,735	(74,660)	(257,532)

10 Financial instrument (continued)

(b) Price risk

The Consolidated entity is not exposed to any significant price risk.

(c) Interest rate risk

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

(d) Credit risk

Generally, other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions with credit risk ratings of Aa3 (Moody's) and AA- (Standard and Poors). The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

(e) Liquidity risk

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

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.

(i) 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

10 Financial instrument (continued)

(e) Liquidity risk (continued)

(i) Remaining contractual maturities (continued)

Contractual maturities of financial liabilities	Weighted average interest rate	<1 year	1 - 2 years	2 - 5 years	> 5 years	Remaining contractual maturities
30 June 2022	%	\$	\$	\$	\$	\$
Non-derivatives						
Trade and Other payables	-	4,515,151	-	-	-	4,515,151
Lease liabilities	-	80,235	-	-	-	80,235
Total non-derivatives	-	4,595,386	-	-	-	4,595,386
30 June 2021						
Non-derivatives						
Trade and Other payables	-	790,552	-	-	-	790,552
Lease liabilities	-	-	-	-	-	-
Total non-derivatives	-	790,552	-	-	-	790,552

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.

11 Key management personnel disclosures

	2022 \$	2021 \$
Directors Fees and/or Salary	1,626,099	788,692
Consulting Fees	391,453	91,000
Annual Leave	232,543	65,912
Other Benefits - relocation cost	100,000	-
Total Short Term Benefits	2,350,095	945,604
Post-employment benefits (superannuation)	87,135	33,835
Long service leave	18,158	27,998
Share-based payments	1,739,173	-
Total Long Term Benefits	1,844,466	61,833
Total Remuneration	4,194,561	1,007,437

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

12 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Consolidated entity.

(a) Audit Services

	2022 \$	2021 \$
Audit and review of financial statements		
BDO Audit Pty Ltd	489,960	70,585
Other services		
Tax compliance services	55,288	-

Non-audit services

BDO provided non-audit services of \$55,288 during the financial year ended 30 June 2021. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001 because none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

13 Related party transactions

(a) Parent entities

Lake Resources NL is the parent entity

(b) Subsidiaries

Interests in subsidiaries are set out in note 16.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 12 and the remuneration report included in the directors' report.

(d) Transactions with other related parties

The following transactions occurred with related parties:

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

13 Related party transactions (continued)

(d) Transactions with other related parties (continued)

	2022 \$	2021 \$
<i>Payment for services</i>		
Consultancy services provided by companies associated with Mr Stuart Crow (Director)	96,600	74,100
Consultancy services provided by a Consolidated entity associated with Dr Nicholas Lindsay (Director)	186,593	16,900
Consultancy services provided by former CFO Garry Gill (Executive)	108,260	-
	<u>391,453</u>	<u>91,000</u>
	2022 \$	2021 \$
<i>Receivable from and (payable to) related parties</i>		
Consultancy services and directors' fees provided by an entity associated with Mr Stuart Crow	-	16,500
Consultancy services provided by an entity associated with Dr Nicholas Lindsay (Director)	-	21,064
Net advances to Mr Stephen Promnitz	1,077,773	(142,249)
	<u>1,077,773</u>	<u>(104,685)</u>

(e) Terms and conditions

Disclosures relating to the advance to Mr Promnitz:

- The outstanding balance at 30 June 2022 was \$1,077,773 (2021: \$142,249)
- The terms and conditions at June 2022 of the advances are unsecured and has no personal guarantees.
- No provision for credit loss been recognised.

14 Parent entity financial information

(a) Summary financial information

	2022 \$	2021 \$
<i>Statement of financial position</i>		
Current assets	197,851,828	25,772,480
Total assets	219,285,920	47,567,734
Current liabilities	1,812,505	668,465
Total liabilities	1,816,713	696,463

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

14 Parent entity financial information (continued)

(a) Summary financial information (continued)

	2022 \$	2021 \$
<i>Shareholders' equity</i>		
Issued capital	231,179,318	65,748,642
Reserves		
Capital profits reserve	4,997	4,997
Options reserve	8,068,140	2,625,776
Performance rights reserve	970,130	345,000
Accumulated losses	<u>(22,753,377)</u>	<u>(14,040,428)</u>
	<u>(217,469,208)</u>	<u>(54,683,987)</u>
 Profit or loss for the year	 <u>(8,712,948)</u>	 <u>(7,056,369)</u>
 Total comprehensive income	 <u>(8,712,948)</u>	 <u>(7,056,369)</u>

(b) 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 2022 and 30 June 2021.

(c) Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

(d) Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

(e) 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

15 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 of entity	Principal place of business/ Country of incorporation	Ownership interest held by the group	
		2022 %	2021 %
Lake Mining Pakistan (Pvt) Limited *	Pakistan	100	100
LithNRG Pty Ltd	Australia	100	100
Minerales Australes SA **	Argentina	100	100
Morena del Valle Minerals SA **	Argentina	100	100
Lake Resources CRN Pty Ltd ***	Australia	100	100
Kachi Lithium Pty Ltd**	Australia	100	100
Petra Energy SA****	Argentina	-	100

* The subsidiary was incorporated on 4 December 2014. The subsidiary has share capital consisting solely of ordinary shares which are held directly by the Lith NRG Pty Ltd. The proportion of ownership interests held equals the voting rights held by Lith NRG Pty Ltd. The subsidiary's principal place of business is also its country of incorporation. The project is inactive and the company will be deregistered in the future.

** Interest is held through LithNRG Pty Ltd. LithNRG's interest in Morena del Valles will be transferred to KLPL following its incorporation (refer below).

*** Entity created solely as the holder of the Consolidated entity issued Convertible Notes in December 2018, and since then, all Notes have been repaid. The entity is dormant at present.

**** No interest held in this entity by the Consolidated entity in 2022. Ownership interest in 2022 is restated to nil, formerly reported as 100% ownership interest held by the group as in 2021 it was assessed that the Parent entity has power and ability to direct the relevant activities over Petra Energy SA, but in 2022 the power and ability to direct relevant activities ceased.

Kachi Lithium Pty Ltd (KLPL) was incorporated on 26 August 2021 as a wholly owned subsidiary of LithNRG Pty Ltd. KLPL will be the vehicle through which the Kachi Project will operate and will be the owner of the shares of Morena del Valle Minerals. Under the agreement with Lilac Solutions Inc, that company has the ability to earn up to 25% of the ownership of KLPL.

16 Events after the reporting period

On 14th July 2022, after a brief trading halt, the Company responded to an inaccurate report issued by J Capital (a short-seller) attacking Lake Resources over its' new direct lithium extraction (DLE) technology, share trade disclosures, options to brokers, and Memoranda of Understandings signed to date.

Lake reassured investors that the Lilac Solutions proprietary ion exchange technology to be used for DLE at the Kachi brine project in Argentina, will be practical, efficient, and environmentally sustainable.

The Company also advised that non-disclosure of share trades by the former Managing Director (Stephen Promnitz), were unapproved due to failure by the Officer to notify the Company Secretary. Options issues to brokers as part of the fee arrangements were common practice in the industry, and that Memoranda of Understanding (MOU's), while largely non-binding, had been entered into with globally recognised companies for the long-term supply of a material critical to their supply chains.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

16 Events after the reporting period (continued)

Following the resignation of the former Managing Director on 17 June 2022, the Company announced on 16th August 2022 a notification of cessation of securities for 2,500,000 performance rights, due to conditions not being satisfied.

On 19th August 2022 the Company appointed senior mining executive Mr Sean Miller as Corporate Development Officer to fast-track exploration across three Jujuy brine projects in Argentina - Cauchari, Olaroz and Paso projects.

At the same time, it was also confirmed that the new CEO appointment process was nearing completion, and that Lake Resources was finalising the selection of new board members as part of the transition to a US corporate office to better align production and key customers and markets.

A six-month global search for a new CEO/MD culminated with an ASX announcement dated 7th September that Mr David Dickson would assume the role of CEO and Managing Director. Mr Dickson is an industry leader with over 30 years' experience in engineering, construction, and EPC cost management, across the energy sector.

He has a proven track record in successfully delivering multibillion dollar resource projects.

On 14 September 2022 Lake Resources NL provided an update on the Kachi pilot plant in respect of progress under its Pilot Project Agreement (dated 21 September 2021) with technology partner, Lilac Solutions Inc (Lilac). Whilst work has continued on the Kachi project, a dispute has arisen between Lake and Lilac as to the date by which key performance milestones need to be achieved, with Lake considering milestones to be achieved by 30 September 2022 and Lilac considering it has until 30 November 2022 to do so. To resolve the dispute, Lake has exercised its rights to have the dispute resolved either by agreement of both Lake and Lilac or by arbitration.

Pursuant to ASX announcement on 19 September, Lake confirmed that construction of the facility to house the Lilac demonstration plant was complete. Dry commissioning of the demonstration plant also commenced on Wednesday September 14, with expected wet commissioning of the plant to begin on September 22. Once wet commissioning is complete, Lilac expects to begin onsite processing of Kachi brines in the first week of October 2022. Whilst the test program is based on operating the demonstration plant for 1000 hours it is anticipated that the first 2000 litres of lithium concentrate produced from the demonstration plant will be sent for conversion into Lithium Carbonate once delivered. Lake proposes that this final Lithium product will then be qualified by a tier 1 battery maker to validate product specifications. Lake confirmed offtake discussions continue to advance and new appointments to the Lake board are in final stages of consideration.

No other matter or circumstance has arisen since 30 June 2022 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.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

17 Cash flow information

(a) Reconciliation of loss after income tax to net cash used in operating activities (continued)

	2022	2021
Note	\$	\$
Loss for the year	(5,683,095)	(2,894,223)
Adjustments for:		
Depreciation and amortisation	51,297	337
Exploration expenditure impaired	5 -	301,700
Share-based payments (non cash)	2,425,591	108,931
Financial asset impaired	-	(146,352)
Unrealized gain or loss	(2,427,076)	-
Realized gain or loss	16,433	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of engineering division:		
(Increase)/decrease in trade and other receivables	(5,456,615)	26,762
Increase/(decrease) in provisions	(91,732)	100,779
Increase in other current assets	(119,271)	(166,996)
Increase/(decrease) in trade and other payables	2,605,372	236,079
Net cash outflow from operating activities	(8,679,096)	(2,432,983)

(b) Non-cash investing and financing activities

(i) During the year the Group entered into the following non-cash investing and financing transactions

	2022	2021
	\$	\$
Share issue costs - to brokers	(9,711,684)	(2,625,776)
<i>Deduct shares in lieu of payments:</i>		
Equity settled loan repayments (Note 7(e))	-	(32,500)
Proceeds from issue of shares, net of transaction costs	(9,711,684)	(2,658,276)

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

17 Cash flow information (continued)

(b) Non-cash investing and financing activities (continued)

(ii) Reconciliation of net debt

	2022 \$	2021 \$
Opening balance	-	-
Loan service fee, interest, discount	-	27,500
Loan drawn	-	200,000
Repayments by share issue/other	-	(60,000)
Repayments - cash	(19,441)	(167,500)
Lease liability on inception	289,208	-
Interest charge	8,090	-
Closing balance	<u>277,857</u>	<u>-</u>

18 Earnings per share

	2022 \$	2021 \$
Loss after income tax attributable to the owners of Lake Resources NL	<u>(5,683,095)</u>	<u>(2,894,223)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,120,917,048</u>	<u>821,977,574</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,120,917,048</u>	<u>821,977,574</u>
	Cents	Cents
Basic loss per share	(0.51)	(0.35)
Diluted loss per share	(0.51)	(0.35)

Options over ordinary shares are considered potential ordinary shares. For the year ended 30 June 2022, their conversion to ordinary shares would have had the effect of reducing the loss per share. Accordingly, the options were not included in the determination of diluted earnings per share for the period. Details relating to options are set out at notes 9(b) and 20. Subsequent to the end of the financial year, the Consolidated entity issued 263,803 shares which would not have significantly changed the number of ordinary shares or potential ordinary shares outstanding at the end of the year if those transactions had occurred before the end of the year. Earnings per share for the year are not adjusted for transactions occurring after the end of the year as the transactions do not affect the amount of capital used to produce profit or loss for the year. Details of the share issues conducted after the reporting period are included in Note 17 above.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments

During the financial year the Company equity-settled share-based payment transactions for the acquisition of goods and services, from personnel and external suppliers were charged as follows:

	Note	2022 \$	2021 \$
Expensed to profit or loss	20(a)	2,425,591	108,931
Capitalised as equity transaction cost	20(b)	9,711,684	2,625,776
Total		<u>12,137,275</u>	<u>2,734,707</u>
Adjusted to equity			
Share capital		2,425,591	108,931
Option Reserve		9,711,684	2,625,776
Total		<u>12,137,275</u>	<u>2,734,707</u>

(a) Expensed to Profit or Loss

During the year equity-settled share-based payment transactions for the payment for fees and services, expensed through profit or loss, occurred as follows:

2022	Date	Number Issued	Fair value per option/right \$	Expensed \$
Options issued as payment for professional services - Mr. P Neilsen (CFO)	13-July-21	2,000,000	0.23	461,248
Options issued as payment for professional services - Mr. G Parimoo (COO)	14-Oct-2021	2,000,000	0.38	760,610
Options issued as payment for professional services - Mr. S Robertson (SRL Consulting)	19-Jan-22	1,000,000	0.58	578,604
Performance Shares issued as payment for professional services - Mr. N Lindsay	24-Feb-22	461,715	0.90	251,379
Vesting of performance rights issued to directors	30-June-22	7,500,000	0.57	373,750
Total		<u>12,961,715</u>		<u>2,425,591</u>

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(a) Expensed to Profit or Loss (continued)

			Value per share \$	Expensed \$
2021	Date	Number issued		
Shares issued as payment for loan service fees - Mr. S Promnitz	31-Aug-20	916,667	0.03	27,500
Shares issued as payment for professional services - Acuity Capital Holdings	1-Sep-20	381,033	0.03	11,431
Shares issued as payment for professional services - Supplier JCU	1-Sep-20	333,334	0.03	10,000
Shares issued as payment for professional services - Mr. S Francis	20-Jan-21	710,900	0.08	60,000
Total		2,341,934		108,931

(i) Key Management Personnel and Suppliers options

During the financial year, the following 4,000,000 options granted to the key management personnel and suppliers below have vested and are not exercised at year end are as follows:

Name	Number of Options granted	Grant date	Expiry date	Exercise price	Fair value at grant date	Expensed 2022
P. Neilsen	2,000,000	12-Jul-21	12-Jul-24	\$0.55	\$0.2310	461,248
G. Parimoo	2,000,000	14-Oct-21	25-Oct-24	\$0.57	\$0.381	760,609
S. Robertson	1,000,000	19-Jan-22	19-Jan-25	\$1.48	\$0.5790	578,604
Total	4,000,000					1,800,461

	P. Neilsen	G. Parimoo	S. Robertson
Grant date	12-Jul-21	14-Oct-21	19-Jan-22
Vesting date	12-Jul-21	25-Oct-21	19-Jan-21
Share Price at grant date	\$0.39	\$0.57	\$0.985
Exercise (Strike) Price	\$0.55	\$0.57	\$1.48
Time to Maturity (in years)	\$3.00	\$3.00	\$3.00
Annual Risk-Free Rate	0.16%	0.66%	1.23%
Annualised Volatility	\$110.00	111.948%	108.767%

The options did vest immediately, but was not exercised at year end. For the year ended 30 June 2022, \$1,800,461 (2021: \$nil) was recognised as an expense in the profit or loss.

(ii) Performance rights issued to Directors

On 15 August 2019 following the approval from the shareholders at the Company's EGM, the Consolidated entity granted 15,000,000 performance rights to the then Directors as follows:

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(a) Expensed to Profit or Loss (continued)

(ii) Performance rights issued to Directors (continued)

Name	Number of Rights granted	Grant date	Expiry date	Converted to Shares/ Expired	Fair value at grant date	Expensed 2022
S. Crow	5,000,000	15-Aug-2019	15-Aug-24	-	\$0.0575	273,125
S. Promnitz	5,000,000	15-Aug-2019	15-Aug-24	(5,000,000)	\$0.0575	(7,188)
N. Lindsay	5,000,000	15-Aug-2019	15-Aug-24	(2,500,000)	\$0.0575	107,813
Total	15,000,000					373,750

Directors exercised judgement in assessing that the likelihood of the remaining hurdles for the vesting of the performance rights has materially changed since the prior year. Accordingly for the year ended 30 June 2022, \$373,750 (2021: \$nil) was expensed in the profit or loss. The expense calculation recognises the probability of the performance hurdles being achieved.

(iii) Performance shares issued to Directors and other Key Management Personnel

Name	Number of Rights granted	Grant date	Expiry date	Converted to Shares/ Expired	Fair value at grant date	Expensed 2022
P. Neilsen	123,809	22-Feb-2022	12-Dec-22		\$0.9000	-
P. Neilsen	139,285	22-Feb-2022	12-Mar-23		\$0.9000	-
P. Neilsen	167,142	22-Feb-2022	12-Sep-23		\$0.9000	-
P. Neilsen	250,714	22-Feb-2022	12-Sep-24		\$0.9000	-
N. Lindsay	92,343	22-Feb-2022	1-Jun-22		\$0.9000	35,911
N. Lindsay	147,749	22-Feb-2022	1-Jun-22		\$0.9000	143,645
N. Lindsay	147,749	22-Feb-2022	1-Mar-23		\$0.9000	-
N. Lindsay	73,874	22-Feb-2022	1-Mar-24		\$0.9000	71,823
Total	1,142,665					251,379

Directors exercised judgement in assessing the number of performance shares that are expected to vest. The vesting conditions and Directors assessment at 30 June 2022 are summarised below:

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(a) Expensed to Profit or Loss (continued)

(iii) Performance shares issued to Directors and other Key Management Personnel (continued)

Name	Number of Rights granted	Performance measure	Measurement date	Directors judgement at 30 June 2022
P. Neilsen	123,809	Delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post close of the Kachi Project finance and closing of debt financing for the Company's Kachi Project (60%)	12-Oct-22	In the Directors judgement, this milestone will not be met by 12 October 2022. Nil expense recorded.
	139,285	Delivering and operating a comprehensive reporting package for the debt financiers and potential JV partners post close of the Kachi Project finance	12-Jan-23	In the Directors judgement, this milestone will not be met by 12 January 2023. Nil expense recorded.
	167,142	Maintain and deliver accurate reporting across all facets of the business incorporating cash flows, pre-production and budgeting. Preparation of financial documents to the satisfaction of financiers, project banking syndicates and export credit agencies. Implementation and maintenance of acceptable budgetary and cash flow measures across Australia and Argentina	12-Jul-23	In the Directors judgement, this milestone will not be met by 12 July 2023. Nil expense recorded.
	250,714	Delivery of the Kachi Project into production with appropriate reporting mechanisms in place	12-Jul-24	In the Directors judgement, this milestone will not be met by 12 July 2024. Nil expense recorded.
N. Lindsay	92,343	Commencement of exploration and testing of brines from at least one of the Company's other projects	1-Apr-22	This tranche have vested. \$35,911 expense recognised.
	147,749	The Company putting a project team in place to build the Project DFS and building the demonstration plant on site	1-Apr-22	This tranche have vested. \$143,645 expense recognised.
	147,749	The Company closing the debt and equity financing for the Company's Kachi Project on terms satisfactory to the Company	1-Jan-23	In the Directors judgement, this milestone will not be met by 1 January 2023. Nil expense recorded.
	73,874	The Company receiving approval for the financing of an expansion case being up to 50,000 tonnes per annum lithium carbonate equivalent total production at the Kachi Project	1-Jan-24	In the Directors judgement, financing approval is expected before 1 January 2024 therefore expected that all 73,874 performance shares will vest. \$71,823 expense recognised.

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(a) Expensed to Profit or Loss (continued)

(iii) *Performance shares issued to Directors and other Key Management Personnel (continued)*

Accordingly for the year ended 30 June 2022, \$251,379 (2021: \$nil) was expensed in the profit or loss.

(b) Capitalised as equity transaction cost

During the year 72,177,244 options were issued for services provided in raising capital for the Company. The expenses were charged to capital raising costs and were determined using the Black Scholes methodology utilising the following assumptions:

	Lodge Partners	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date	30-Aug-21	16-July-21	16-July-21	16-July-21	16-July-21
Vesting date	30-Aug-21	14-Mar-23	28-Sep-23	21-Jan-24	22-Jun-24
Share Price at grant date	\$0.63	\$0.385	\$0.385	\$0.385	\$0.385
Exercise (Strike) Price	\$0.75	\$0.55	\$0.55	\$0.55	\$0.55
Time to Maturity (in years)	\$0.79	3	3	3	3
Annual Risk-Free Rate	0.01%	0.15%	0.15%	0.15%	0.15%
Annualised Volatility	127.61%	109.817%	109.817%	109.817%	109.817%

	SD Capital / GKB	Corporate Connect	Simon Russel	SD Capital	GKB Ventures
Grant date	01-Aug-21	16-Mar-22	19-Jan-22	26-April-22	26-April-22
Vesting Date	01-Aug-21	16-Mar-22	16-Mar-22	26-April-22	26-April-22
Share Price at grant date	\$0.465	\$1.34	\$1.34	\$2.02	\$2.02
Exercise (Strike) Price	\$0.49	\$1.00	\$0.75	\$1.42	\$1.42
Time to Maturity (in years)	3	1	1	3	3
Annual Risk-Free Rate	0.02%	1.77%	1.77%	2.65%	2.65%
Annualised Volatility	110.352%	109.627%	109.627%	109.627%	109.627%

Movement in options granted during the year for which expenses were charged to capital raising costs.

Grant date	FV price at grant date	Expiry date	Exercise price	Granted	Expired Unexercised	Exercised	Balance at the end of the year	Charged to Equity
2022								
28-Jul-21	\$0.24	31-Dec-24	\$0.55	10,000,000		(10,000,000)		1,375,472
28-Jul-21	\$0.24	31-Dec-24	\$0.55	10,000,000		(10,000,000)		1,045,190
28-Jul-21	\$0.24	31-Dec-24	\$0.55	10,000,000		(10,000,000)		925,926
28-Jul-21	\$0.24	31-Dec-24	\$0.55	5,000,000		(5,000,000)		395,552
1-Aug-21	\$0.30	1-Aug-24	\$0.50	5,780,000		(17,000)	5,763,000	1,752,203
30-Aug-21	\$0.24	15-Jun-22	\$0.75	4,000,000		(4,000,000)		945,592
16-Mar-22	\$0.67	1-Mar-23	\$1.00	100,000			100,000	66,700
16-Mar-22	\$0.71	15-Oct-22	\$0.75	225,000			225,000	158,850
26-Apr-22	\$1.47	26-Apr-25	\$1.42	1,036,122			1,036,122	1,523,099
26-Apr-22	\$1.47	26-Apr-25	\$1.42	1,036,122			1,036,122	1,523,099
Total				92,857,244	-	(10,119,000)	42,738,244	9,711,683

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(b) Movements in Options, Performance Rights and Performance Shares

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

Options

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired Unexercised	Exercised	Balance at the end of the year	Vested and exercisable at the end of the year
2022								
16-Sep-19	31-Jul-2021	\$0.09	15,000,000		(1,000,000)	(14,000,000)	-	
09-Mar-21	09-Mar-23	\$0.30	11,250,000			(11,250,000)	-	
27-Jan-21	09-Mar-23	\$0.30	1,000,000			(1,000,000)	-	
24-Apr-21	24-May-23	\$0.30	1,500,000			(1,500,000)	-	
28-Jul-21	31-Dec-24	\$0.55		10,000,000		(10,000,000)	-	
28-Jul-21	31-Dec-24	\$0.55		10,000,000		(10,000,000)	-	
28-Jul-21	31-Dec-24	\$0.55		10,000,000		(10,000,000)	-	
28-Jul-21	31-Dec-24	\$0.55		5,000,000		(5,000,000)	-	
13-Jul-21	12-Jul-24	\$0.55		2,000,000			2,000,000	2,000,000
1-Aug-21	01-Aug-24	\$0.50		5,780,000		(17,000)	5,763,000	5,763,000
30-Aug-21	15-Jun-22	\$0.75		4,000,000		(4,000,000)	-	
19-Aug-21	15-Jun-21	\$0.10	1,241,748		(1,166,748)	(75,000)	-	
19-Jan-22	19-Jan-25	\$1.48		1,000,000			1,000,000	1,000,000
14-Oct-21	25-Oct-24	\$0.57		2,000,000			2,000,000	2,000,000
16-Mar-22	01-Mar-23	\$1.00		100,000			100,000	100,000
16-Mar-22	15-Oct-22	\$0.75		225,000			225,000	225,000
26-Apr-22	26-Apr-25	\$1.42		1,036,122			1,036,122	1,036,122
26-Apr-22	26-Apr-25	\$1.42		1,036,122			1,036,122	1,036,122
Total			44,991,748	60,177,244	(2,166,748)	(88,842,000)	13,160,244	13,160,244

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired Unexercised	Exercised	Balance at the end of the year	Vested and exercisable at the end of the year
2021								
30-Nov-17	31-Dec-20	\$0.28	9,500,000		(9,500,000)		-	
8-Mar-19	28-Feb-22	\$0.08	5,555,000			(5,555,000)	-	
16-Sep-19	31-Jul-21	\$0.09	15,000,000				15,000,000	15,000,000
28-Oct-19	28-Oct-22	\$0.05	18,300,000			(18,300,000)	-	
09-Mar-21	09-Mar-23	\$0.30		11,250,000			11,250,000	11,250,000
27-Jan-21	09-Mar-23	\$0.30		1,000,000			1,000,000	1,000,000
24-Apr-21	24-May-23	\$0.30		1,500,000			1,500,000	1,500,000
Total			48,355,000	13,750,000	(9,500,000)	(23,855,000)	28,750,000	28,750,000

Lake Resources NL
Note to the consolidated financial statements
For the year ended 30 June 2022

19 Share-based payments (continued)

(c) Movements in Options, Performance Rights and Performance Shares (continued)

Performance Rights

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares/ Expired	Balance at the end of the year	Vested during year but not converted	Expired during the year
2022							
15-Aug-2019	12-Sep-24	10,000,000		(2,500,000)	7,500,000	7,500,000	2,500,000
2021							
15-Aug-2019	15-Aug-24	15,000,000		(5,000,000)	10,000,000		

Performance Shares

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares/ Expired	Balance at the end of the year	Vested during year but not converted
2022						
24-Feb-22	12-Dec-22	-	123,809	-	123,809	
24-Feb-22	12-Mar-23		139,285		139,285	
24-Feb-22	12-Sep-23		167,142		167,142	
24-Feb-22	12-Sep-24		250,714		250,714	
24-Feb-22	1-Jun-22		92,343		92,343	92,343
24-Feb-22	1-Jun-22		147,749		147,749	147,749
24-Feb-22	1-Mar-23		147,749		147,749	
24-Feb-22	1-Mar-23		73,874		73,874	
			1,142,665		1,142,665	240,092
2021						
		-	-	-	-	-

(c) Options as Share Based Payments - Numbers and Weighted Average Prices

	Number	Weighted Ave Exercise Price
Outstanding at end of the period	92,491,748	\$0.30
Granted during the period	52,177,244	\$0.82
Forfeited during the period		
Expired during the period	(2,166,748)	\$0.10
Exercised during the period	(122,716,040)	\$0.45
Outstanding at end of the period	19,786,204	\$0.97
Exercisable at the end of the period	19,786,204	\$0.97

19 Share-based payments (continued)

(c) Movements in Options, Performance Rights and Performance Shares (continued)

20 Commitments

(a) Definitive Feasibility Study and Development Cost

On 8 January 2021, the Consolidated entity announced that it had approved the preparation of a Definitive Feasibility Study (DFS) for the Kachi project. Work on the DFS is expected to be completed within 12 months of the date of this report with a further approximately USD34.5 million to be spent in that period. The company estimates the total development cost of the project at USD1 billion based on a plant capable of producing 50,000 tonnes of Lithium Carbonate per annum with the development cost to be incurred over a 3 year period.

(b) Tenement Expenditure Commitments

The Consolidated entity has no annual spending commitments required by Government or other bodies in order to maintain the standing of the tenements. Over the next 12 months the Consolidated entity expects to spend approximately USD112 million on exploration work at its Argentinian tenements.

21 Contingencies

The Consolidated entity had no contingent liabilities at 30 June 2022 (2021: nil).

Lake Resources NL
Directors' declaration
30 June 2022

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 44 to 93 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) 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 by the chief executive officer CEO and chief financial officer CFO required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



S. Crow
Director

30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Lake Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lake Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 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 Group in accordance with 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 (including Independence Standards)* (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.

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.

Carrying value of exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to note 8 in the annual report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2022 in accordance with the Group's accounting policy for exploration and evaluation assets.</p> <p>The recoverability of exploration and evaluation assets is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the current status of the tenements/projects including key activities undertaken during the period; • Making enquiries of management with respect to whether any impairment indicators in accordance with AASB 6 have been identified across the Group's exploration project; • Assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined through discussions with management and review of ASX announcements and other relevant documentation; • Reviewing capitalised exploration expenditure during the period to ensure it meets the recognition criteria under AASB 6; and • Ensuring that the group has the rights to tenure and maintains the tenements in good standing.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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 that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 gives a true and fair view and 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 group 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 Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in paragraphs a to b or pages 14 to 35 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Lake Resources NL, for the year ended 30 June 2022, 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.

BDO Audit Pty Ltd



R M Swaby

Director

Brisbane, 30 September 2022