LAKE RESOURCES N.L.

ABN 49 079 471 980

FINANCIAL REPORT
FOR THE YEAR ENDED

30 JUNE 2015

Your directors present their report of Lake Resources N.L. group ("the Group") for the year ended 30 June 2015.

Directors

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

	Meetings Attended	Meetings Eligible to Attend
R Johnston - Chairman (Independent Director)	4	4
J.G. Clavarino - Exploration Director	4	4
P.J. Gilchrist - Managing Director	4	4

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

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

Company Secretary

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

Principal Activities

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

There were no significant changes to the nature of the principal activities of the Group during the financial year, however as set out below the Group re-structured and re-capitalised.

Operating Results

The operating loss after applicable income tax was $88,420 (2014: $135,093 loss).

Dividends

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

Review of Operations

The Company has been focussed on 3 exploration licences previously granted by the Balochistan government in Pakistan.

On 12 May 2014, the Company announced that it had entered into an Exclusivity Agreement with Colt Resources Middle East (CRME) whereby CRME can earn a majority interest in Lake's three Chagai exploration licences in Balochistan. These negotiations remained in place during the current year and resulted in the conditional surrender of the company’s exploration licences and the granting of new exploration licences on 12 June 2015 by Govt. of Balochistan to the new joint venture operating entity, Chagai Resources (Pvt) Limited.

The shareholders in Chagai Resources (Pvt) Limited are Colt Resources Middle East (60%) through its Pakistan incorporated subsidiary Balochistan Chaghi Mining Resources (Pvt) Limited, Lake Resources NL (27.5%) through its Pakistan incorporated subsisidiary Lake Mining Pakistan (Pvt) Limited and AAmir Resources Consultants (Pvt) Limited (12.5%) a Pakistan based resources consulting group.

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

As part of this re-structuring the Company incorporated a new subsidiary Lake Mining Pakistan (Pvt) Ltd. In addition a capital raising of 23,441,008 shares totalling $234,410 was undertaken, and a further 2,112,000 shares were issued to settle prior year liabilities.

Financial Position

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

Following the restructure of the business, and the capital raising, the Group's net assets at 30 June 2015 are $109,713, including cash of $130,222. Ongoing financial needs of the Group will continue to be carefully managed given the restructuring which has occurred.

Significant Changes in State of Affairs

Apart from matters referred to above regarding exploration and financing strategies and the surrender of the mining tenement leases into a new joint venture vehicle, there were no significant changes in the state of affairs of the Group.

Future Developments, Prospects and Business Strategies

The Group's business model has been to develop a profitable minerals discovery business. The exploration focus has been copper/gold in Pakistan, with funding from equity.

Following the restructure of the business these activities are now being conducted through a joint venture. Business risks related to future developments include financial risk, exploration risk and sovereign risk, as well as general business risks.

Share Options

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

Non-Audit Services

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

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

Officers and Auditors Indemnification

During the financial period the Company paid an insurance premium in respect of a contract insuring the directors of the Company, the Company secretary and all executive officers of the Company against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The amount of the premium was $9,160 (2014: $10,002) for all directors and officers.

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

Corporate Governance

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

Subsequent Events
Subsequent to 30 June 2015 the Group has continued to focus on its exploration strategy through the new joint venture arrangement. Other than for this matter, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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

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

NAME	QUALIFICATIONS	APPOINTED
Ross Johnston	B.Com, FCA	8/08/1997
Peter J. Gilchrist	B.Eng(Civil), M.Eng Sc, MBA.	8/08/1997
James G. Clavarino	FRMIT (Geology) MAIMM, MMICA.	8/08/1997

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

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

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

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

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

	Balance 30-6-15
Ross Johnston	-
Peter J. Gilchrist	-
James G. Clavarino	3,661,400

Messrs Gilchrist and Johnston have an interest in 13,190,758 shares held by 202 Ltd, and 5,122,560 shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, entities of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist has an interest, through a close family member, in 3,360,730 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 4,000,000 shares in the company.

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

Mr. Clavarino's direct shareholding increased in the year by 2,112,000 shares issued in settlement of contract fees outstanding at 30 June 2014.

Proceedings on Behalf of the Company

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

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

Remuneration Report (Audited)

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

A. Remuneration policy and practices

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

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

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. The Group does not issue equity based remuneration. All remuneration, and any other transactions with key management personnel are on normal commercial terms and conditions. For 2015, no remuneration has been paid as the Group has restructured and recapitalised.

B. Performance-based Remuneration

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

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

As discussed in Part A of the Remuneration Report, the maximum aggregate amount of directors' fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting. To align directors' and shareholder interests, the directors are encouraged to hold shares in the Company. The Company has no full-time employees but engages contactors as necessary.

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

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

	2011	2012	2013	2014	2015
	$	$	$	$	$
Revenue	7,730	75,477	11,361	-	-
Net Loss	273,131	136,750	6,525,567	135,093	88,420
Net Assets	6,740,013	6,603,263	77,696	(57,397)	109,713
Capitalised Exploration Expenditure	5,299,507	6,042,045	-	-	-
Share Price at Year-end	0.04	0.02	0.01	0.01	0.01
Dividends Paid	nil	nil	nil	nil	nil

D. Key Management Personnel Remuneration for Year Ended 30 June 2015

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

2015 **Key Management Personnel**	**Short-term Benefits** Fees $	Contract Service Fees $		**Other employment Benefits** $	**Total** $	Performance Related %
Ross Johnston (Non-Executive Director)	-	-		-	-	-
Jim Clavarino (Executive Director)	-	-	#	-	-	-
Peter Gilchrist (Executive Director)	-	-	*	-	-	-
	-	-		-	-	-

2014 Key Management Personnel	Short-term Benefits Fees $	Contract Service Fees $		Other employment Benefits $	Total $	Performance Related %
Ross Johnston (Non-Executive	-	-		-	-	-
Jim Clavarino (Executive Director)	-	21,120	#	-	21,120	-
Peter Gilchrist (Executive Director)	-	-	*	-	-	-
	-	21,120		-	21,120	-

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

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

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

E. Service contracts of directors and specified executives

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

The Group does not have any employment contracts.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2015 has been received and is attached to the directors' report.

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

P.J. Gilchrist
Director

Brisbane, Queensland
28 September 2015

Hayes Knight
Accountants, Advisors & Auditors

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

To the Directors of Lake Resources N.L.

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2015there have been no contraventions:

(i) to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) of any applicable code of professional conduct in relation to the audit.

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

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date:28 September 2015

Hayes Knight
Accountants, Advisors & Auditors

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAKE RESOURCES N.L.

Report on the Financial Report

We have audited the accompanying financial report of Lake Resources N.L. (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note1the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

a) the financial report of Lake Resources N.L. is in accordance with the Corporations Act 2001, including:

    i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
    ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Lake Resources N.L. for the year ended 30 June 2015 complies with s 300A of the Corporations Act 2001.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 23, 10 Eagle Street,
Brisbane, QLD, 4000

Date:28 September 2015

LAKE RESOURCES N.L.

ABN 49 079 471 980

DIRECTORS' DECLARATION

The directors of the company declare that:

1 The attached financial statements and notes are in accordance with the *Corporations Act 2001* and:

(a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and it's performance for the year ended on that date.

2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3 The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

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

PJ Gilchrist
Director

Brisbane, Queensland
28 September 2015

LAKE RESOURCES NL

ABN 49 079 471 980

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue	2	-	-
Classification of Expenses by Function:			
Write-off of exploration costs		-	(61,828)
Exploration expenditure expensed		(34,117)	-
Administrative expenses		(15,511)	(36,854)
Corporate expenses		(38,792)	(34,411)
Occupancy expenses		-	(2,000)
Loss before income tax expense	3	(88,420)	(135,093)
Income tax expense	4	-	-
Loss for the year attributable to members of the company		(88,420)	(135,093)
Other comprehensive income:			
Items that will not reclassified to profit or loss		-	-
Iterms that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the period attributable to members of the company		(88,420)	(135,093)
Earnings per share			
Basic earnings per share (cents per share)	7	(0.001)	(0.002)
Diluted earnings per share (cents per share)	7	(0.001)	(0.002)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL

ABN 49 079 471 980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	8	130,222	3,353
Trade and other receivables	9	-	21,866
Other current assets	10	1,070	1,070
Total Current Assets		131,292	26,289
NON-CURRENT ASSETS			
Investment accounted for using the equity method	11	35	-
Property, plant and equipment	12	-	-
Exploration and evaluation expenditure	13	-	-
Total Non-Current Assets		35	-
TOTAL ASSETS		131,327	26,289
CURRENT LIABILITIES			
Trade and other payables	14	21,614	83,686
Total Current Liabilities		21,614	83,686
NON-CURRENT LIABILITIES			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		21,614	83,686
NET ASSETS		109,713	(57,397)
EQUITY			
Issued capital	16	8,946,465	8,690,935
Reserves	17	4,997	4,997
Accumulated losses		(8,841,749)	(8,753,329)
TOTAL EQUITY		109,713	(57,397)

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
ABN 49 079 471 980

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2015

	Issued Capital	Capital Profits Reserve	Retained Earnings	Total
	$	$	$	$
Balance 1 July 2013	8,690,935	4,997	(8,618,236)	77,696
Net loss for year	-	-	(135,093)	(135,093)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(135,093)	(135,093)
Transactions with owners, in their capacity as owners, and other transfers				
Total transactions with owners and other transfers	-	-	-	-
Balance 30 June 2014	8,690,935	4,997	(8,753,329)	(57,397)
Balance 1 July 2014	8,690,935	4,997	(8,753,329)	(57,397)
Net loss for year	-	-	(88,420)	(88,420)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(88,420)	(88,420)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the year - note 16	255,530	-	-	255,530
Total transactions with owners and other transfers	255,530	-	-	255,530
Balance 30 June 2015	255,530	-	(8,841,749)	109,713

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
ABN 49 079 471 980

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(52,506)	(91,417)
Interest received		-	-
Net cash provided by/ (used in) operating activities	**18**	(52,506)	(91,417)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investment in associate		(35)	-
Net cash provided by/ (used in) investing activities		(35)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	**16**	234,410	-
(Repayment) / Proceeds of/from borrowings	**14**	(55,000)	55,000
Net cash provided by/ (used in) financing activities		179,410	55,000
Net increase/(decrease) in cash held		126,869	(36,417)
Cash at beginning of year		3,353	39,770
Cash at end of year	**8**	130,222	3,353

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Lake Resources NL and Controlled Entities (the "consolidated group" or "group"). Lake Resources NL is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entitiy, Lake Resources NL, have not been presented within the financial report as permitted by the Coproations Act 2001.

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Continued Operations and Future Funding

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

Following the restructure of the business, and a capital raising, the Group's net assets at 30 June 2015 are $109,713, including cash of $130,222. Ongoing financial needs of the Group will continue to be carefully managed given the restructuring which has occurred.

Accounting Policies

a. 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 15.

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

Note 1: Statement of Significant Accounting Policies (cont)

b. Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant tax authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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

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

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

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

c. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

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

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

Note 1: Statement of Significant Accounting Policies (cont)

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

d. 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.

e. Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

Note 1: Statement of Significant Accounting Policies (cont)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

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

Impairment

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

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

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

Derecognition

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

f. Impairment of Assets

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

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

g. Foreign Currency Transactions and Balances

Transaction and balances

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

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

Note 1: Statement of Significant Accounting Policies (cont)

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

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange rate differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

h. Provisions

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

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

i. 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.

j. Revenue and other income

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

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

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

k. Goods and Services Tax (GST)

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

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

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

l. Leases

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

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

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

Note 1: Statement of Significant Accounting Policies (cont)

m. Fair Value of Assets and Liabilities

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

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

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

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

n. Interests in Joint Arrangements

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

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

o. Equity Settled Compensation

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

p. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. As set out in note 15, the company incorporated a subsidiary in the year. Consequently the 2014 financial amounts included as comparatives in this report are the company only.

Critical Accounting Estimates and Judgments

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

There are no critical accounting estimates and judgements in preparing the financial statements.

	2015 $	2014 $
NOTE 2: REVENUE		
Revenue		
Interest revenue from other persons	-	-

NOTE 3: PROFIT/(LOSS) FOR THE YEAR

The result for the year includes the following specific items

	2015 $	2014 $
(a) Expenses		
Rental expense on operating leases	-	2,000
Depreciation	-	368

NOTE 4: INCOME TAX EXPENSE/(BENEFIT)

	2015 $	2014 $
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before tax income tax at 30% (2014: 30%).	(26,526)	(40,528)
Add tax effect of:		
Write-off of exploration expenditure	-	-
Future income tax benefit of tax losses not brought to account	26,526	40,528
Income tax expense	-	-
The weighted average effective tax rate is	0%	0%

The Company has unrecouped, unconfirmed carry forward tax losses of approximately $9.5 million (2014: $9.5 million).

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

(a) it is probable that the Company will derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the losses.

	2015	2014
	$	$

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

(b) Key Management Personnel Compensation

The Company has no employees. The two working directors operate under contracts to provide services, based on commercial rates. Directors may also receive fees for directorial services. Amounts paid during the year are set out in the directors report. Totals paid are:

	2015 $	2014 $
Fees for all services	-	21,120
Other benefits	-	-
	-	21,120

See note 19 for other transactions with KMP.

(c) Shareholdings

Number of shares directly held by Key Management Personnel (2015)

Key Management Personnel	Opening balance No.	Received as compensation No.	Purchases/ (sales) No.	Closing balance No.
Peter Gilchrist	-	-	-	-
James Clavarino	1,549,400	2,112,000	-	3,661,400
Ross Johnston	-	-	-	-

Messrs Gilchrist and Johnston have an interest in 13,190,758 shares held by 202 Ltd, and 5,122,560 shares held by Kemkay Pty Ltd, a subsidiary of 202 Ltd, entities of which they are both Directors and Mr Johnston is a shareholder.

Mr Gilchrist has an interest, through a close family member, in 3,360,730 shares in the company.

Mr Ross Johnston is a Director and substantial shareholder of Bushfly Air Charter Pty Ltd, a company which holds 4,000,000 shares in the company.

Mr Clavarino is a director and shareholder of Lake Gold Pty Ltd, a company which holds 400,000 shares in the company. Mr. Clavarino's direct shareholding increased in the year by 2,112,000 shares issued in settlement of contract fees outstanding at 30 June 2014.

	2015 $	2014 $

NOTE 6: AUDITORS' REMUNERATION

	2015 $	2014 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	9,200	10,000
- other services	-	-
	9,200	10,000

NOTE 7: EARNINGS PER SHARE

		2015 $	2014 $
(a)	The earnings figure used in the calculation of both the basic EPS and the diluted EPS are the same.	(88,420)	(135,093)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	83,073,688	70,323,026

(c) Classification of Securities

Only ordinary shares were on issue during the 2015 and 2014 years.

NOTE 8: CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank and in hand	130,222	3,353
	130,222	3,353

NOTE 9: TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current:		
Other receivables	-	21,866
	-	21,866

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

	2015 $	2014 $
NOTE 10: OTHER ASSETS		
Current:		
Prepayments	1,070	1,070

NOTE 11: ASSOCIATE AND JOINT ARRANGEMENT

Lake Resources NL (the parent) holds a 27.5% interest through its subsidiary in a joint venture arrangement between the group and two other parties. The principal place of business of the joint venture is Pakistan and the primary purpose of the joint venture is mineral exploration. As set out in note 13, the joint venture entity has been granted new exploration licences over areas previously held by Lake Resources which were conditionally surrendered. The new licences have a three year term to June 2018 and are renewable for 2 further periods of 3 years to June 2024. The joint venture vehicle is an incorporated entity, Chagai Resources (Pvt) Ltd. The group's interest in the joint venture is equity accounted and the Group's investment represents its share of net assets.

	2015 $	2014 $
Equity accounted investment	35	-

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

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment - at cost	57,578	57,578
Accumulated depreciation	(57,578)	(57,578)
Total Plant and Equipment	-	-
Motor vehicles - at cost	112,254	112,254
Accumulated depreciation	(112,254)	(112,254)
Total Vehicles	-	-
Total Property, Plant and Equipment	-	-

	2015	2014
	$	$

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (cont)

Movement in carrying amount

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

2015	Vehicles	Plant & Equip.	Total
	$	$	$
Balance at 1 July 2014	-	-	-
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	-	-
Carrying amount at 30 June 2015	-	-	-

2014	Vehicles	Plant & Equip.	Total
	$	$	$
Balance at 1 July 2014	368	-	368
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	(368)	-	(368)
Carrying amount at 30 June 2015	-	-	-

NOTE 13: EXPLORATION AND EVALUATION EXPENDITURE

	2015	2014
Exploration and evaluation costs carried forward in respect of areas of interest are:		
Exploration and evaluation phase - at cost	-	-
Movement during the year in exploration and evaluation expenditure:		
At cost:		
Carrying amount at beginning of year	-	-
Surrender of exploration licences in 2015 (see note below)	-	-
Carrying amount at the end of year	-	-

The company held 3 exploration licences in the region of Balochistan in Pakistan - EL 71/5468-78, EL 72/5492-5503 and EL 73/5479-91 – these were conditionally surrendered in the year and new exploration licences were granted on 12 June 2015 to a new joint venture entity in which Lake Resources NL has a 27.5% interest (see note 11) .

Exploration and evaluation costs are carried forward in the statement of financial position as detailed in accounting policy note 1(d). Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of minerals. These costs were fully impaired in 2013 and any subsequent exploration costs have been expensed up to the date the exploration licences were surrendered in 2015.

NOTE 14: TRADE AND OTHER PAYABLES

		2015 $	2014 $
Current			
Unsecured			
Sundry creditors and accrued expenses		21,614	28,686
Amounts receivable / (payable) from/to related entities	(a)	-	55,000
		21,614	83,686

(a) This funding has been provided by 202 Limited (a director related entity and shareholder) on an unsecured, interest free basis as a short-term source of working capital.

NOTE 15: INTEREST IN SUBSIDIARY

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

Name of subsidiary	*Principal place of business*	*Ownership interest*
Lake Mining Pakistan (Pvt) limited	Pakistan	100%

The subsidiary was incorporated for $35 and acquired the Chagai Resources Joint Venture interest - see note 11.

	2015	2014
	$	$

NOTE 16: ISSUED CAPITAL

	2015 $	2014 $
95,876,034 (2014: 70,323,026) fully paid ordinary shares	8,946,465	8,690,935
(a) Fully paid ordinary shares		
Balance at the beginning of the reporting period	8,690,935	8,690,935
Shares issued during the year - rights issue (i)	234,410	-
- share based payment (ii)	21,120	-
Share issue costs	-	-
Balance at reporting date	8,946,465	8,690,935
	No.	**No.**
Balance at the beginning of the reporting period	70,323,026	70,323,026
Shares issued during the year - rights issue (i)	23,441,008	-
- share based payment (ii)	2,112,000	-
Balance at reporting date	95,876,034	70,323,026

(i) The company completed a 1 right for every 3 shares held non-renounceable rights issue at $0.01 per share.
(ii) 2,112,000 shares were issued at $0.01 per share to a director in settlement of services rendered, refer note 19.

The Company does not have authorised capital or par value in respect of its issued shares.

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

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

(b) Options
There are no options over shares.

(c) Capital Management
Exploration companies such as Lake Resources NL are funded primarily by share capital. The Company's capital comprises share capital supported by financial assets and financial liabilities.
Management controls the capital of the Company to ensure it can fund its operations and continue as a going concern. Capital management policy is to fund exploration activities by way of equity. No dividend will be paid whilst the Company is in its exploration stage. There are no externally imposed capital requirements.
There have been no changes in capital management policies since the prior year.

NOTE 17: RESERVES

	2015 $	2014 $
(a) **Capital Profits Reserve**	4,997	4,997

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

NOTE 18: CASH FLOW INFORMATION

	2015 $	2014 $
(a) Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax:		
Profit/(loss) after income tax	(88,420)	(135,093)
Non-cash flows in result:		
Depreciation & amortisation	-	368
Changes in operating assets and liabilities:		
Decrease/(Increase) in receivables	21,866	28,368
Decrease/(Increase) in prepayments	-	301
(Decrease)/Increase in trade creditors and accruals	14,048	14,639
Cash flows from operations	(52,506)	(91,417)

As set out in note 11 the Group acquired a 27.5% interest on incorporation of a joint venture entity for $35.

As set out in note 19 a share based payment of $21,120 was made in the year.

NOTE 19: RELATED PARTY TRANSACTIONS

The company received funding from 202 Limited in the 2014; this funding was repaid in 2015 - see note 14. Otherwise the company's main related parties are the directors (key management personnel) and their related entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors' transactions with the Company

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

	2015 $	2014 $
The Company incurred fees from Argent Resources Pty Ltd, a Company of which Mr J.C. Clavarino is a director, for professional services in relation to exploration work undertaken on behalf of the Company.	-	21,120
The Company paid Trenlin Pty Ltd, a Company of which Mr P.J. Gilchrist is a shareholder, nominal rent of premises.	-	2,000

	2015	2014
	$	$

NOTE 19: RELATED PARTY TRANSACTIONS (cont)

Directors' holding of shares and options (see also Note 5(c))

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

	No.	
Ordinary shares	14,554,070	12,442,070

No shares were issued to directors during the year on terms more favourable than those which it is reasonable to expect the entity would have adopted if dealing in an arm's length transaction with an unrelated party.

No options were issued to director related entities during the year (2014: nil), and no options are held by directors or director-related entities.

Share based payment

During the year the company settled the liability owing to Argent Resources Pty Ltd by the issue of 2,112,000 shares at $0.01 each, totalling $21,120. The price reflected the subscription amount per share achieved by the company in the rights issue in the year.

NOTE 20: COMMITMENTS

Exploration Commitments

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

	Rent	Exploration	Total
2015	$	$	$
not later than 1 year	-	-	-
later than 1 year but not later than 5 years	-	-	-
Total commitment	-	-	-
2014			
not later than 1 year	16,500	17,150	33,650
later than 1 year but not later than 5 years	-	-	-
Total commitment	16,500	17,150	33,650

See note 13 for further details on the licences.

NOTE 21: CONTINGENT LIABILITIES

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

NOTE 22: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of bank balances and payables. The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015 $	2014 $
Financial Assets			
Cash and cash equivalents	**8**	130,222	3,353
Trade and other receivables	**9**	-	21,866
Total Financial Assets		130,222	25,219
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade payables and accrued expenses	**13**	21,614	83,686
Total Financial Liabilities		21,614	83,686

Financial Risk Management Policies

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

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

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

Credit risk arises from the risk that a counterparty will default on obligations to the company.

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

b. Liquidity risk

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

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

NOTE 22: FINANCIAL RISK MANAGEMENT (cont)

Financial instrument composition and maturity analysis

	Within 1 year		1 to 5 years		Total	
	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Financial liabilities due for payment						
Trade and other payables	21,614	83,686	-	-	21,614	83,686
Total expected outflows	21,614	83,686	-	-	21,614	83,686
Financial assets - cash flows realisable						
Cash and cash equivalents	130,222	3,353	-	-	130,222	3,353
Trade and other receivables	-	21,866			-	21,866
Total anticipated inflows	130,222	25,219	-	-	130,222	25,219
Net (outflow)/inflow on financial instruments	108,608	(58,467)	-	-	108,608	(58,467)

c. Market risk

Interest rate risk

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

Foreign currency risk

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

Price risk

The company is not exposed to any commodity price risk.

Sensitivity Analysis

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

NOTE 22: FINANCIAL RISK MANAGEMENT (cont)

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of a 2% (2014: 2%) change in the interest rate, with all other variables remaining constant would be +/- $Nil (2014: $Nil)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of a 10% (2014: 10%) change in the value of the Pakistan Rupee, with all other variables remaining constant would be +/- $202 (2014: $225).

This exposure arises from the Pakistan Rupee bank accounts. Net exposure is PKR 160,456 (2014: PKR 210,456, and is not considered material.

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

Net Fair Values

The net fair value of the company’s financial assets and liabilities approximate their carrying value due to the short term nature of all these items (level 2 fair value hierarchy, observable inputs, income approach - amortised cost).

NOTE 23: COMPANY DETAILS

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

Lake Resources NL
5 Maud Street
NEWSTEAD QLD 4006

NOTE 24: EVENTS AFTER THE BALANCE SHEET DATE

There are no signifcant events after the balance sheet date.

The financial report was authorised for issue on 28 September 2015.

NOTE 25: OPERATING SEGMENTS

(a) Segment Information

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

(b) Revenue by geographical region

	2015 $	2014 $
Australia	-	-
Pakistan	-	-
Total revenue	-	-

(c) Assets by geographical region

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

Australia	129,036	1,934
Pakistan	2,291	24,355
Total assets	131,327	26,289

(d) Major customers

The company has no revenue from external customers. The only revenue earned relates to interest earned on cash deposits.

NOTE 26: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards and Interpretations issued by the AASB that are relevant but not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the group when adopted in future periods, are discussed below:

* AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the group on initial application of this Standard and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

This Standard is not expected to impact the group's financial statements.

NOTE 27: PARENT INFORMATION

The following information has been extracted from the books and records of the parent nad has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position	**2015**	2014
	$	$
Assets		
Current assets	131,292	26,289
Non-current assets	35	-
Total assets	131,327	26,289
Liabilities		
Current liabilities	21,614	83,686
Non-current liabilities	-	-
Total liabilities	21,614	83,686
Net assets	109,713	(57,397)
Equity		
Issued capital	8,946,465	8,690,935
Reserves	4,997	4,997
Retained profit	(8,841,749)	(8,753,329)
Total equity	109,713	(57,397)
Statement of Profit or Loss and Other Comprehensive Income		
Total	(88,420)	(135,093)
Total comprehensive income	(88,420)	(135,093)

Parent entity commitments and contingencies are as for the Group, see notes 20 & 21.

LAKE RESOURCES NL

ABN 49 079 471 980

Additional Information for Listed Public Companies

The shareholder information set out below was applicable as at 20 August 2015.

1. Twenty Largest Shareholders

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

Ordinary Shares

	Name	No. of Ordinary Shares Held	Investors	Percentage of Issued Shares
1	HSBC CUSTODY NOMINEES (AUST) LTD	18,705,925		19.51%
2	202 LTD	13,190,758		13.76%
3	KEMKAY PTY LTD	5,122,560		5.34%
4	KHATTAR CAPITAL INTERNATIONAL PTE LTD	5,000,000		5.22%
5	BUSHFLY AIR CHARTER PTY LTD	4,000,000		4.17%
6	JG CLAVARINO	3,661,400		3.82%
7	ELIZABETH MARGARET GILCHRIST	3,360,730		3.51%
8	LAWNBET PTY LTD	2,400,000		2.50%
9	INVIA CUSTODIAN PTY LIMITED	2,346,705		2.45%
10	BENSONS OF BRISBANE PTY LTD	2,000,000		2.09%
11	ROBERT TAN KAH BOH	2,000,000		2.09%
12	CHNG SENG CHYE	2,000,000		2.09%
13	LILIANA TEOFILOVA	1,540,845		1.61%
14	CORPORATE PROPERTY SERVICES PTY LTD	1,509,840		1.57%
15	CALAMA HOLDINGS PTY LTD	1,235,608		1.29%
16	FUB INVESTMENTS PTY LTD	1,141,900		1.19%
17	OCTIFIL PTY LTD	1,055,600		1.10%
18	JH LATIMER & JA LATIMER	1,000,000		1.04%
19	JAN MUHAMMED	1,000,000		1.04%
20	PR FROST & SL LECKY	800,000		0.83%
	TOTAL FOR TOP 20 SHAREHOLDERS:	**73,071,871**	**20**	**76.21%**
	TOTAL OTHER INVESTORS SHAREHOLDINGS	**22,804,163**	**523**	**23.79%**
	TOTAL ORDINARY SHARES ON ISSUE	**95,876,034**	**543**	**100.00%**

2. Distribution of equity securities:

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

Ranges	Investors	Securities	% Issued Capital
1 to 1000	10	3,337	0.00%
1001 to 5000	75	236,789	0.25%
5001 to 10000	141	1,244,689	1.30%
10001 to 100000	253	7,639,348	7.97%
100001 and Over	64	86,751,871	90.48%
Total	543	95,876,034	100.00%

(b) The number of security investors holding less than a marketable parcel of 166,667 securities ($0.003 on 30.6.2015) is 493, and they hold 10,999,813 securities.

LAKE RESOURCES NL

ABN 49 079 471 980

Additional Information for Listed Public Companies

3. Substantial Shareholders

The following details of substantial shareholders listed in the company's register at 20 August 2015 are:

Shareholder	Number of Shares
HSBC Custody Nominees	18,705,925
202 LTD	13,190,758
Kemkay Pty Ltd	5,122,560
Khattar Capital International	5,000,000

4. Voting Rights

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

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

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

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

Link Market Services Ltd		
Level 12	or	Locked Bag A14
300 Queen Street		SYDNEY SOUTH NSW 1235
BRISBANE QLD 400		Telephone No. 1300 554 474
Telephone No. (07) 3320-2232		(02) 820 7454

8. Stock Exchange Listing

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

9. Restricted Securities

There are no restricted securities.

10 Schedule of Tenements as at 30 June 2015

The Pakistan tenements previously held were transferred in the financial year to a joint venture entity - see note 13 of the financial statements.

CORPORATE GOVERNANCE STATEMENT

Introduction

This statement outlines the corporate governance practices of Lake Resources N.L. (the "company") and its board of directors (the "board") during the financial year ended 30th June 2015.

The company and the board have operated for the entire year in accordance with the ASX Corporate Governance Principles And Recommendations 3rd Edition and as required under ASX listing rules unless otherwise stated below. The directors have reviewed the recommendations and approved the company's corporate governance statement as at 30th June 2015.

It should be noted that the small size of the company and the specialised nature of the mineral exploration industry has necessitated modification in the application of some of the recommendations, whilst endeavoring to keep faith with the underlying principles of the recommendations. For many of the recommendations the company achieved the standard required. For some recommendations, where certain aspects of the recommendation are considered by the board to be unduly onerous for a company of the size of Lake Resources, the company has implemented alternative arrangements.

The company's position in respect to each of the eight principles outlined in the ASX Corporate Governance Principles And Recommendations 3rd Edition are set out below.

Principle 1: Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation 1.1:

A listed entity should disclose:

- **(a) the respective roles and responsibilities of its board and management; and**
- **(b) those matters expressly reserved to the board and those delegated to management.**

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

Day to day management of the company's affairs and implementation of the corporate strategy are delegated by the board to the managing director and ultimately to senior contract employees.

For the purposes of the proper performance of their duties, the directors are entitled to seek independent advice at the company's expense, unless the board determines otherwise. The board schedules meetings on a regular basis and other meetings as and when required.

The company has not formally established the functions reserved to the board and those delegated to senior executives in accordance with Recommendation 1.1 of the ASX Corporate Governance Council. Given the small size of the company and the limited scope of its activities, the board has not considered it necessary to formulate a formal board charter at this time.

Recommendation 1.2

A listed entity should:

- **(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and**
- **(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

The chair, Mr Ross Johnston and the other directors, Mr Peter Gilchrist and Mr Jim Clavarino, have been directors since the company's incorporation. A brief biography of each director is published on the company's website and in the annual financial reports of the company.

In accordance with Recommendation 1.2, if the appointment of a new director is contemplated, appropriate checks would be made and security holders would be provided with relevant material information on the candidate

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointments.

The company does not have any employment contracts or written agreements with current directors. The service conditions of the managing director, Mr Peter Gilchrist, and the exploration director, Mr Jim Clavarino are not formalized in contracts.

Given the small size of the company, the limited scope of its activities, and the length of service of the directors, the board has not considered it necessary to formulate written agreements with each director and senior executive. This policy will be reviewed if there is a material change in the scope and activities of the company and its board.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary reports directly and is accountable to the board, through the chair, in relation to all governance matters. The company secretary advises the board members on governance matters, implements adopted governance procedures and coordinates circulation of meeting agendas and papers.

Recommendation 1.5

A listed entity should:

- **(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess both the objectives and the entity's progress in achieving them;**
- **(b) disclose that policy or a summary of it; and**
- **(c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving then, and either;**
  - **(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined "senior executive" for these purposes); or**
  - **(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**

The board recognizes the importance of diversity in the workplace including gender, ethnicity, cultural background and age. The company does not discriminate on any of these grounds for appointments, remuneration or promotion or other matters. However because of the small size of the company and the limited scope if its operations, the company has not developed or made formal disclosures in accordance with Recommendation 1.5 of the ASX Corporate Governance Council.

It should be noted that the company has no permanent employees – its exploration activities are usually undertaken by contractors and consultants on an "as-needed" basis.

Recommendation 1.6

A listed entity should:

- **(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The board conducts informal evaluation of its performance and the performance of its members on a continuing basis, and has done so during the reporting period.

Because of the small size of the company and the limited scope if its operations, the company has not established or disclosed a formal process for evaluation of the board, board committees or individual directors. Nor has it been considered necessary to seek outside assistance in performance evaluation.

Recommendation 1.7

A listed entity should:

- **(a) have and disclose a process for periodically evaluating the performance of the senior executives; and**
- **(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

Because of the small size of the company and the limited scope if its operations, the company has not established or disclosed a formal process for evaluation of senior executives. As with performance evaluation of directors, performance evaluation for executives is a discretionary matter for consideration by the entire board and in the normal course of events, the board reviews the performance of the executives and management as a whole.

Principle 2: Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

The board currently has three directors - one non-executive director and two executive directors:

> **Ross Johnston** is the chairman of the company. He has over thirty years experience as an accountant in public practice having founded one of the largest independently owned accountancy practices in Queensland. He has long experience in commercial and financial issues affecting the company including reporting, taxation matters and project evaluation. He has been a director of numerous companies over many decades.
>
> The managing director, **Peter Gilchrist**, is a qualified and highly experienced engineer with over thirty years experience in the minerals exploration, mining and construction industries. He has long experience in commercial matters including company administration and project evaluation. He has been a director of numerous companies over many decades.
>
> The exploration director, **Jim Clavarino** has over 40 years experience as a minerals geologist in Australia and many parts of the world. He has over 10 years experience exploring in Pakistan and is an experienced company director.

The three directors are dedicated to building long-term value in the company for shareholders. They have been directors since the company was founded in 1997. The small size of the company and the specialist nature of the minerals exploration industry have generally lead shareholders to place importance on increasing shareholder value by having a board with strong industry experience.

The high-risk nature of exploration funding has also led to shareholders preferring directors to be directly or indirectly involved in the provision of capital.

Recommendation 2.1:

The board of a listed entity should:

- **(a) have a nomination committee which:**
  - **(1) has at least three members, a majority of whom are independent directors; and**
  - **(2) is chaired by an independent director;**

  and disclose:

  - **(3) the charter of the committee;**

    (4) **the members of the committee; and**
    (5) **as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) **if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience and diversity to enable it to discharge its duties and responsibilities effectively.**

The company does not have a nomination committee at the present time because of the small size of the company and the limited scope of its operations. As set out above (Principle 2), the current board has the appropriate balance of skills, knowledge, experience and diversity to enable it to discharge its duties and responsibilities effectively.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out a mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The company does not currently have a board skills or diversity matrix. The board considers that such a matrix is not necessary given the small size of the company and the limited scope of its operations. Adoption of a board skills and diversity matrix would be considered if there is a material change in the scope and activities of the company and its board.

Recommendation 2.3

A listed entity should disclose:

(a) **the names of the directors considered by the board to be independent directors;**
(b) **if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and**
(c) **the length of service of each director.**

The chair, Mr Ross Johnston, is a director and substantial shareholder of several companies that hold shares in the company (see Note 5 (c) in Notes to the Consolidated Financial Statements in the company's annual financial reports). This means that he does not satisfy one of the tests related to independence of directors as set out in Box 2.3 – Factors relevant to assessing the independence of a director. However, the board considers that Mr Johnston has demonstrated the appropriate experience, skills and integrity to act independently and without compromise in the best interests of the company, its shareholders and the community.

Mr Peter Gilchrist is managing director and company secretary. He does not perform the role of chair.

All current directors have been directors since the company was founded in 1997.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The board composition does not have a majority of independent directors. The addition of another two non-executive directors to achieve this is not considered to be practical at the present time because of the small size of the company and the limited scope of its operations.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The chair, Mr Ross Johnston, is a director and substantial shareholder of several companies that hold shares in the company (see Note 5 (c) in Notes to the Consolidated Financial Statements in the company's annual financial reports). This means that he does not satisfy one of the tests related to independence of directors as set out in Box 2.3 – Factors relevant to assessing the independence of a director. However, the board considers that Mr Johnston has demonstrated the appropriate experience, skills and integrity to act independently and without compromise in the best interests of the company, its shareholders and the community.

Mr Peter Gilchrist is managing director and company secretary. He does not perform the role of chair.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.

The directors have the appropriate balance of skills, knowledge, experience and diversity to enable them to perform their roles and responsibilities effectively. The directors are also involved in other public companies and they attend seminars and industry conferences which enable them to maintain their understanding of relevant industry matters and technical advancements. The board ensures that its members understand the company's operations, including site visits where appropriate.

Because of the small size of the company and the limited scope if its operations, the company has not yet established a formal program for inducting new directors.

Principle 3: Act ethically and responsibly

A listed entity should act ethically and responsibly.

Recommendation 3.1

A listed entity should:

- **(a) have a code of conduct for its directors, senior executives and employees; and**
- **(b) disclose that code or a summary of it.**

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

The company has long had a code of conduct, updated from time to time and published in the Corporate Governance Statement on the company's website and in the company's annual financial reports. The company's code of conduct, which has been strictly adhered to, requires all directors, employees, contractors and agents of the company to:

- act honestly and in good faith,
- exercise due care and diligence in fulfilling the functions of office,
- avoid conflicts and make full disclosure of any possible conflicts of interest,
- comply with the law,
- encourage the reporting and investigation of unlawful and unethical behavior, and
- comply with the security trading policy set out at the end of this Corporate Governance Statement.

The board takes ultimate responsibility for these matters. In fulfilling their duties, each director may obtain independent professional advice at the company's expense, subject to prior approval of the chair, whose approval will not be unreasonably withheld.

Principle 4: Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1:

The board of a listed entity should:

- **(a) have an audit committee which:**
  - **(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
  - **(2) is chaired by an independent director, who is not chair of the board,**

  and disclose:

  - **(3) the charter of the committee;**
  - **(4) the relevant qualifications and experience of the members of the committee; and**
  - **(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- **(b) if it does not have an audit committee, disclose the fact, and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

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

The company secretary is responsible for preparing the quarterly, half-yearly and annual financial reports. The half-yearly and annual reports are audited by external auditors, Hayes Knight Audit (Qld) Pty Ltd, who demonstrate quality and independence. The external auditor provides an annual declaration of their independence to the company. The external auditor attends the annual general meetings of the company to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Recommendation 4.2:

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Prior to approving the company's financial statements, the managing director advises the board that the declaration in accordance with the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends each annual general meeting of the company and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1

A listed entity should:

- **(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and**
- **(b) disclose that policy or a summary of it.**

The company has a policy that all shareholders, investors and the general public have timely and equal access to the company's information.

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

The board is thoroughly aware of its Continuous Disclosure obligations which require immediate reporting of material events, particularly in relation to exploration progress. The company has a demonstrated history of disclosure, through ASX announcements, of material events such as exploration results and joint ventures.

The company has not established a formal written policy to ensure compliance with ASX Listing Rule disclosure requirements. The board takes ultimate responsibility for these matters by following the ASX Listing Rule disclosure requirements rigorously, and does not consider adoption and disclosure of a formal disclosure policy is appropriate at this stage.

Principle 6: Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The company maintains a website containing comprehensive information on the company including a company profile, corporate strategy, policy statements including corporate governance, board of directors, newsflashes and contact information. All of the company's quarterly and annual reports and other disclosures are available on the company website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. The directors are personally acquainted with many of the shareholders of the company and encourage them to visit the company's office to view the exploration data and discuss the progress of the exploration program with the exploration director.

Telephonic, email and written communications from shareholders are dealt with promptly, usually by the managing director or the exploration director.

The board takes ultimate responsibility for these matters and does not consider that the adoption of a formal written investor relations program is appropriate at this stage.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Shareholders are encouraged to attend and participate in the annual general meetings of the company, to lodge questions to be responded to by the board, and are able to appoint proxies.

The board takes ultimate responsibility for these matters and does not consider that the adoption of a formal written investor participation policy is appropriate at this stage.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.

All material reports and disclosures are made by the company through ASX announcements and on the company website. As noted above, telephonic, email and written communications from security holders are dealt with promptly, usually by the managing director or the exploration director. Security holders with registry matters are referred to the manager of the company's share registry, Link Market Services Limited.

Because of the limited scope of the company's operations and resources, the company has not deemed it appropriate, at this stage, to make available to security holders, the option to receive communications from the company and its security registry electronically. This policy is subject to review from time to time by the board.

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The board of a listed entity should:

- **(a) have a committee or committees to oversee risk, each of which:**
  - **(1) has at least three members, a majority of whom are independent directors; and**
  - **(2) Is chaired by an independent director;**

  and disclose:

  - **(3) the charter of the committee;**
  - **(4) the members of the committee; and**
  - **(5) as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- **(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.**

The small size of the company does not warrant establishment of a separate risk management committee. The role of the risk management committee is undertaken by the full board. The board sets the framework for the company's long term success, approving its annual budget, assessing business risks and providing overall risk management policy guidance. The board monitors all aspects of the business from the operational level through to strategic level risks, including safety, ethical and environmental performance, on a continuing basis to ensure compliance with laws and ethical behavior.

The company has not publicly disclosed a formal policy in accordance with Recommendation 7.1 of the ASX Corporate Governance Council. The board takes ultimate responsibility for these matters and does not consider adoption and disclosure of a formal oversight and risk management policy is appropriate at this stage.

Recommendation 7.2

The board or a committee should:

- **(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**
- **(b) disclose, in relation to each reporting period, whether such a review has taken place.**

The managing director and the exploration director report regularly to the board on the effectiveness of the company's management of its material business risk. The greatest risk, of course, is the low probability of success for minerals exploration. The managing director has advised the board that he believes the company's management of its material business risks is effective.

Recommendation 7.3

A listed entity should disclose:

- **(a) if it has an internal audit function, how the function is structured and what role it performs; or**
- **(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

The internal audit function is undertaken by the board as a whole and where appropriate by the managing director, the exploration director or the country manager, who approve all significant invoice payments. The effectiveness of the company's risk management and internal control processes are subject to continual review by the board.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The board considers that the Company does not have, currently or in the foreseeable future, any material exposure to economic, environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

The company is small and since its foundation in 1997, has had no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. The remuneration of all directors is detailed in the Remuneration Report section of the Directors' Report in the company's annual financial report. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

Recommendation 8.1

The board of a listed entity should:

- **(a) have a remuneration committee which:**
  - **(1) has at least three members, a majority of whom are independent directors; and**
  - **(2) is chaired by an independent director;**

  and disclose:

  - **(3) the charter of the committee;**
  - **(4) the members of the committee; and**
  - **(5) as at the end of the reporting period, the number of times the committee met**

throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The company does not have a remuneration committee – that function is performed by the board as a whole. As noted above, the company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

As noted above, the company is small and has no full-time employees. Contract services are purchased at market rates. Where possible, contract employees are remunerated using a combination of cash and company shares. No director's fees have been paid since the year ended 30th June 2012. Any increase in director's fees is subject to approval by security holders at the annual general meeting.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
(b) disclose that policy or a summary of it.

The company does not have a formal equity-based remuneration scheme. From time to time, contractors may be paid using a combination of cash and company shares with the value of the shares component determined by the board based on recent average share price or recent share issue price.

SECURITIES TRADING POLICY

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

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

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

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

Insider Trading Prohibition

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

1. if that director, officer, employee or contractor possess information that a reasonable person would expect to have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the company if the information was generally available;
2. if the director, officer, employee or contractor knows or ought reasonably to know that:

   (i) the information is not generally available; and

   (ii) if it were generally available, it might have a material effect on the price or value of the securities or influence a person's decision to buy or sell the securities in the company.

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

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

Closed Periods

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

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

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

In addition to the prohibitions on insider trading set out in the Corporations Act, the company requires that directors, officers, employees and contractors must not trade in the company's securities within any period determined by the company from time to time, because the company is considering matters that would require disclosure to the market but for listing rule 3.1A ('Additional Period'), unless the circumstances are exceptional and the procedure for prior written clearance described below has been met. This prohibition is in addition to the Closed Periods. The Closed Periods and the Additional Period are together referred to as a 'Prohibited Period' in this policy.

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

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

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

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

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

1. in the case of employees or contractors, the managing director or in his absence, the company secretary;
2. in the case of a director or officer, the chairman or in his absence, the managing director;
3. in the case of the managing director, the chairman or in his absence, any of the directors;
4. in the case of the chairman, the managing director or in his absence, any of the directors;
5. (each an 'Approving Officer').

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

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

Trading Which is Not Subject to this Policy

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

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

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

Trading in Derivative Products

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

Notification

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

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

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

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

Breaches

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

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

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

ASX Listing Rule Requirements

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

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

1. changes to the fixed periods specified in the Trading Policy when the entity's key management personnel are prohibited from trading in the entity's securities;
2. changes with respect to the trading that is excluded from the operation of the entity's Trading Policy; and
3. changes with respect to the exceptional circumstances in which the entity's key management personnel may be permitted to trade during a Prohibited Period.
4.

Securities Trading Policy - Appendix 1

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

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