



Lake Resources NL

ABN 49 079 471 980

**Interim Report Half Year Financial Statements
For the six months ended 31 December 2022**

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CONTENTS

	Page
Corporate directory	1
Directors' report	2
Auditor's Independence Declaration	6
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	37
Independent Auditor's Report	38

Lake Resources NL
Corporate directory
for the period ended 31 December 2022

Directors

S. Crow
Executive Chairman (to 20 December 2022)
Non-Executive Director (from 20 December 2022)

D. Dickson (appointed 15 September 2022)
Chief Executive Officer

N. Lindsay (resigned 28 November 2022)
Executive Technical Director (to 3 October 2022)
Non-Executive Director (from 3 October 2022 to 28 November 2022)

R. Trzebski
Non-Executive Director

A. Saenz (resigned 1 February 2023)
Non-Executive Director

C. Bo-Linn (appointed 5 December 2022)
Non-Executive Director

H. Atkins (appointed 5 December 2022)
Non-Executive Director

A. Gomez Chapman (appointed 1 January 2023)
Non-Executive Director

Company Secretary

Peter Neilsen (resigned 9 January 2023)
Mark Anning (appointed 9 January 2023)

Principal registered office in Australia

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

Share and debenture register

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

Auditor

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

Bankers

National Australia Bank
Citibank NA Sydney

Stock exchange listings

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

Website

www.lakeresources.com.au

Lake Resources NL
Directors' report
For the half-year ended 31 December 2022

The Directors present their report, together with the financial statements, on the Consolidated entity (referred to hereafter as 'Lake' or the 'Consolidated entity') consisting of Lake Resources NL (referred to hereafter as the Company or 'parent entity') and the entities it controlled at the end of, or during, the six months ended 31 December 2022.

Directors

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

- S. Crow, Executive Chairman (to 20 December 2022), Non-Executive Director (from 20 December 2022)
- D. Dickson, Chief Executive Officer (appointed 15 September 2022)
- N. Lindsay, Executive Technical Director (to 3 October 2022) Non-Executive Director (from 3 October 2022 to 28 November 2022)
- R. Trzebski, Non-Executive Director
- A. Saenz, Non-Executive Director (resigned 1 February 2023)
- C. Bo-Linn, Non-Executive Director (appointed 5 December 2022)
- H. Atkins, Non-Executive Director (appointed 5 December 2022)
- A. Gomez Chapman, Non-Executive Director (appointed 1 January 2023)

Principal activities

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

- Exploration and development of lithium brine projects in Argentina;
- Exploration for minerals.

Dividends

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

Review of operations

The loss for the Consolidated entity after providing for income tax amounted to \$78,196 (2021: \$4,711,567).

Corporate strategy

Lake is transitioning from the evaluation and exploration phase to the next stage of development. Good progress was made during the period at the Demonstration Plant and the recent updates of the Kachi Mineral Resource Estimate. With the ongoing recruitment of talented experts, the realignment and new focus of the organization and the enrichment of the Lake Board, Lake is well positioned to complete the development of Kachi, while pursuing the development of Cauchari, Olaroz and Paso.

Lake looks forward to continuing this progress towards the production of high-quality, sustainable lithium for its customers and delivering value to all stakeholders.

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Lake Resources NL
Directors' report
For the half-year ended 31 December 2022

Operations

Overview of Operations for the period

Kachi Lithium Brine Project - Catamarca Province, Argentina

Lake's 100%-owned Kachi Lithium Brine Project (Kachi) in Catamarca province, NW Argentina, covers an entire large lithium brine bearing basin with 39 mining leases (74,000 hectares). Lake aims to develop the project into production of 50,000 tpa battery quality lithium carbonate using the highly efficient ion exchange technology method from Lilac Solutions, as established in the Kachi Pre-Feasibility Study (PFS).

Additional drilling at the Kachi Project has upgraded and increased confidence in the resource in the central area of the salar, with Measured and Indicated (M&I) resources of 2.2Mt of lithium carbonate equivalent (LCE) defined, to a depth of 400m over 81 km². Surrounding the M&I resources are Inferred resources of 3.1 Mt LCE defined over 117 km². The resource remains open to a depth of approximately 700m and open laterally, where drilling is underway to better define the resource extent. The lithium grade of the Measured resource (0-400m) across the salar is 212 mg/L lithium, the Indicated resource immediately south-east is 178mg/L lithium, and the surrounding Inferred resource (0-400m) has a concentration of 198 mg/L lithium (refer to ASX announcement on 11 January 2023).

An efficient, disruptive clean direct lithium extraction (DLE) technology, that can produce sustainable high purity lithium, with a smaller environmental footprint, has been developed by our technology partner, Lilac Solutions Inc, in California (Lilac).

As outlined in the agreement between Lilac and Lake, Lilac has successfully operated the Demonstration Plant for 1,000 consecutive hours and produced 40,000 litres of lithium chloride before 31 December 2022, therefore has met all key testing milestones in accordance with agreed timeline. The lithium chloride eluate produced by Lilac is in the process of being shipped to Saltworks and converted to lithium carbonate, after which it will be independently tested for purity (refer to ASX announcement 10 January 2023).

Definitive Feasibility Study (DFS) and Environmental Social Impact Assessment (ESIA) studies continue with demonstration plant validation required prior to completion of the DFS. Completion of DFS is expected in mid-2023.

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

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

This year saw increased exploration activity across these projects as part of the company's aim of bringing all company projects rapidly toward development as the global lithium market moved into a deficit that many commentators believe will last well into the next decade as demand for lithium grows exponentially. During the period, the Company employed Mr. Sean Miller to oversee and coordinate the rapid advancement of exploration across these projects in 2023. Various lithium extraction methods are being tested on lithium brine samples from the Cauchari, Olaroz and Paso projects as drilling continues. This will then be followed by scoping studies for future production on all projects as they are upgraded toward development, including environmental impact studies and increased drilling for resource statement purposes. Alternative extraction processors has returned high-purity product.

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**Lake Resources NL
Directors' report
For the half-year ended 31 December 2022**

Significant changes in the state of affairs

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

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

At the same time, it was also confirmed that the new CEO appointment process was completed culminated with an ASX announcement dated 7 September 2022. Mr. David Dickson is an industry leader with over 30 years' experience in engineering, construction, and EPC cost management, across the energy sector.

He has a proven track record in successfully delivering multi-billion-dollar resource projects.

Other appointments made during the financial year as part of the transition to a US corporate office to better align production and key customers and markets include the following; Dr. Cheemin Bo-Linn was appointed to the board on 5 December 2022. She will be bringing in broader experience around ESG, Governance and hands on experience in renewable supply chain and value adding. Howard Atkins was appointed to the board on 5 December 2022, his key focus would be bringing in his experience in financial management, capital markets, foreign, governance and public company experience.

Lake Resources is finalising the selection of several appointment at management level as part of the transition to a US corporate office. The appointments made during the year include the following; the appointment of Scott Munro to the newly created position of Senior Vice President - Technology, Strategy and Risk, on 30 September 2022. This is a key appointment to strengthen and broaden the experience of the Lake Resources management team and build the business for the long term.

Karen Greene was appointed on 7 November 2022 as Senior Vice President to lead Investor Relations and Communications.

John Freeman was appointed on 6 December 2022 as Chief Legal Officer and General Counsel to lead Legal, Compliance and Governance.

Lake confirmed that two off-take conditional framework agreements were entered covering 50,000 tpa lithium carbonate with WMC Energy and SK On. Both agreements provides for each Company to make strategic equity investment in Lakes of up to 10% of the Company's issued capital adding circa A\$358m prior to Final Investment Decision subject to a few condition precedents being met including due diligence by the parties (refer ASX announcement 6 October 2022 and 12 October 2022). Lakes remains in ongoing discussions with both SK On and WMC regarding the implementation of the Conditional Framework Agreements (refer ASX announcement 12 January 2023).

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Lake Resources NL
Directors' report
For the half-year ended 31 December 2022

Matters subsequent to the end of the financial half-year

On 10 January 2023, Lake announced that Lilac has successfully operated the Demonstration Plant for 1,000 consecutive hours and produced 40,000 litres of lithium chloride before 31 December 2022, therefore has met all key testing milestones in accordance with agreed timeline. The lithium chloride eluate produced by Lilac is in the process of being shipped to Saltworks and converted to lithium carbonate, after which it will be independently tested for purity.

Pursuant to ASX announcement 12 January 2023, Lake Resources has embarked on expansion and reorganization of the operating team to align for technical need of Kachi Project development as it moves into the development stage. Its expansion of the operating team includes adding experts across technical, procurement, project, hydrogeology, drilling and engineering experts, to oversee the technical requirements of the next stage of development.

On 31 January 2023, Sra. Amalia Saenz resigned from the board effective 1 February 2023, to take on a more executive role to lead Lake's government relations team, oversee corporate social responsibility programs, and steer community and stakeholder engagement in Argentina.

On 30 January 2023, the company issued 25,000,000 fully paid ordinary shares at nil cash consideration to increase the total security held by Acuity Capital to 65 million LKE shares ("Collateral Shares"). The Company may at any time cancel the At-the-Market Subscription agreement (ATM), including buying back (and cancelling) the Collateral Shares for nil consideration (subject to shareholder approval).

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'S. Crow', written over a thin horizontal line.

S. Crow
Director

15 March 2023

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**Auditor's Independence Declaration
for the half-year ended 31 December 2022**



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Australia

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

As lead auditor for the review of Lake Resources NL for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light blue horizontal line.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2023

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General information

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

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

Level 5, 126 Phillip Street
Sydney NSW 2000

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Lake Resources NL
Consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2022

		Consolidated entity	
		31 December	31 December
		2022	2021
Note		\$	\$
Expenses			
	Corporate expenses	4 (2,582,821)	(1,457,543)
	Administrative expenses	(2,298,896)	(214,949)
	Depreciation and amortisation expense	(161,109)	(2,000)
	Employee benefits expense	(4,478,509)	(562,424)
	Share based payments expense	12 (10,322,483)	(727,186)
	Consultancy and legal costs	4 (5,328,100)	(765,073)
	Gain on Electronic Payment Market (MEP Dollar)	4 25,245,043	-
	Foreign exchange gains or losses	4 (1,109,505)	(980,804)
	Finance income/(costs) - net	4 930,669	(1,588)
	Loss before income tax expense	<u>(105,711)</u>	<u>(4,711,567)</u>
	Income tax benefit	27,515	-
	Loss after income tax expense for the half-year	<u>(78,196)</u>	<u>(4,711,567)</u>
Other comprehensive income for the half-year, net of tax			
	Foreign currency translation reserve	9(v)(i) (13,386,027)	91,126
	Total comprehensive income for the half-year	<u>(13,464,223)</u>	<u>(4,620,441)</u>
Profit/(Loss) after income tax expense for the half year attributable to:			
	Owners of Lake Resources NL	(1,786,055)	(4,711,567)
	Non-controlling interests	15 1,707,859	-
		<u>(78,196)</u>	<u>(4,711,567)</u>
Total comprehensive income for the period is attributable to:			
	Owners of Lake Resources NL	(15,172,082)	(4,620,441)
	Non-controlling interests	1,707,859	-
		<u>(13,464,223)</u>	<u>(4,620,441)</u>
		Cents	Cents
	Basic earnings/(losses) per share	11 (0.13)	(0.43)
	Diluted earnings/(losses) per share	11 (0.13)	(0.43)

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

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Lake Resources NL
Consolidated statement of financial position
As at 31 December 2022

	Consolidated entity	
	31 December	30 June
	2022	2022
Note	\$	\$
ASSETS		
Current assets		
	133,086,743	175,444,065
Cash and cash equivalents		
Trade and other receivables	7 11,425,810	5,734,693
Other current assets	4,427,207	286,267
Total current assets	<u>148,939,760</u>	<u>181,465,025</u>
Non-current assets		
Property, plant and equipment	1,244,567	640,623
Right-of-use assets	6 1,710,060	229,692
Exploration and evaluation, development and mine properties	5 72,782,127	41,549,942
Total non-current assets	<u>75,736,754</u>	<u>42,420,257</u>
Total assets	<u>224,676,514</u>	<u>223,885,282</u>
LIABILITIES		
Current liabilities		
Trade and other payables	5,387,161	4,515,149
Lease liabilities	6 296,284	80,235
Employee benefits	237,905	169,661
Provisions	553,494	85,947
Total current liabilities	<u>6,474,844</u>	<u>4,850,992</u>
Non-current liabilities		
Lease liabilities	6 1,492,256	197,622
Provisions	1,376	4,208
Total non-current liabilities	<u>1,493,632</u>	<u>201,830</u>
Total liabilities	<u>7,968,476</u>	<u>5,052,822</u>
Net assets	<u>216,708,038</u>	<u>218,832,460</u>
EQUITY		
Issued capital	8 230,451,788	231,179,318
Reserves	9 6,619,420	9,508,419
Accumulated losses	(22,275,161)	(21,855,277)
Total equity attributable to owners of the parent	<u>214,796,047</u>	<u>218,832,460</u>
Non-controlling interests	15 1,911,991	-
Total equity	<u>216,708,038</u>	<u>218,832,460</u>

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

Lake Resources NL
Consolidated statement of changes in equity
For the half-year 31 December 2022

Consolidated entity	Note	Issued capital \$	Reserves \$	Accumulated Losses \$	Non- controlling interests \$	Total equity \$
Opening balance		65,748,642	3,364,591	(22,241,963)	-	46,871,270
Profit for the half-year		-	-	(4,711,567)	-	(4,711,567)
Other comprehensive income		-	91,126	-	-	91,126
Total comprehensive income for the half-year		-	91,126	(4,711,567)	-	(4,620,441)
Transactions with owners in their capacity as owners:						
Transfer from option reserve to accumulated losses on broker options expiry/exercise		-	(3,039,473)	3,039,473	-	-
Issue of unlisted options to brokers		-	2,668,003	-	-	2,668,003
Vesting of performance rights to Directors		-	265,938	-	-	265,938
Share based payments		-	461,248	-	-	461,248
Contributed equity		49,790,353	-	-	-	49,790,353
Balance at 31 December 2021		115,538,995	3,811,433	(23,914,057)	-	95,436,371
Balance at 1 July 2022		231,179,318	9,508,419	(21,855,277)	-	218,832,460
Profit for the half-year		-	-	(1,786,055)	1,707,859	(78,196)
Other comprehensive income		-	(13,386,027)	-	-	(13,386,027)
Total comprehensive income for the half-year		-	(13,386,027)	(1,786,055)	1,707,859	(13,464,223)
Transactions with owners in their capacity as owners:						
Transfer from option reserve to accumulated losses on options expired/exercised	8(a)(i)	-	(1,366,171)	1,366,171	-	-
Change in interest in controlled entity	9(i)	-	(204,132)	-	204,132	-
Share-based payments	12(a)	-	10,394,306	-	-	10,394,306
Issue of unlisted options to brokers	12(a)(iv)	-	1,744,848	-	-	1,744,848
Unwinding of performance rights to Directors		-	(71,823)	-	-	(71,823)
Contributions of equity		1,366,170	-	-	-	1,366,170
Share issue costs		(2,093,700)	-	-	-	(2,093,700)
Balance at 31 December 2022		230,451,788	6,619,420	(22,275,161)	1,911,991	216,708,038

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

Lake Resources NL
Consolidated statement of cash flows
For the half-year 31 December 2022

		Consolidated entity	
		31 December	31 December
		2022	2021
Note		\$	\$
Cash flows from operating activities			
	Payments to suppliers and employees (inclusive of GST)	(23,050,918)	(5,473,397)
	Interest received	943,744	-
	Income tax paid	22,980	-
	Interest paid	(13,075)	-
	Net cash outflow from operating activities	<u>(22,097,269)</u>	<u>(5,473,397)</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	(848,156)	(140,967)
5	Payments for exploration and evaluation	(36,994,315)	(1,052,388)
7	Repayment of loans by related parties	450,000	-
4	Net or gross receipt from Electronic Payment Market (MEP) transactions	25,245,043	-
	Loans to related parties	-	(390,324)
	Net cash outflow from investing activities	<u>(12,147,428)</u>	<u>(1,583,679)</u>
Cash flows from financing activities			
	Proceeds from issues of shares and other equity securities	1,366,170	52,434,799
8(a)(i)	Share issue cost	(348,852)	-
	Payment of principal portion of lease liabilities	(53,294)	-
	Net cash inflow from financing activities	<u>964,024</u>	<u>52,434,799</u>
	Net (decrease)/increase in cash and cash equivalents	<u>(33,280,673)</u>	<u>45,377,723</u>
	Cash and cash equivalents at the beginning of the financial year	175,444,065	25,657,074
	Effects of exchange rate changes on cash and cash equivalents	(9,076,650)	-
	Cash and cash equivalents at end of the half-year	<u>133,086,742</u>	<u>71,034,797</u>

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

Note 1. Significant accounting policies

a. Basis of preparation

These consolidated general purpose interim financial report for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

b. New and amended standards adopted by the Consolidated entity

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

There is no significant impact to the interim financial statements on adoption of these new or amended Accounting Standards and interpretations.

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

c. Impact of Coronavirus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is easing substantially and while it has been financially neutral for the Consolidated entity up to 31 December 2022, it is not predictable to estimate the potential impact, positive or negative, after the reporting date. The situation has improved in relation to restrictions on travel based on high vaccination rates are now achieved in Australia and Argentina. Corporate guidelines for employees travelling for business are also documented per Lake Resources' approved travel policy.

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

The Company will continue to monitor events as they occur to ensure that the potential impacts of the pandemic are minimised whilst ensuring safe working conditions for staff and contractors. The entity has determined that its financial position and performance has not been significantly or materially impacted by COVID-19 when considering the nature of the Company's operations, supplier base, and levels of activity to date.

d. Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated entity has incurred net loss after tax of \$78,196 and net cash outflows from operating and investing activities of \$43,341,739 for the half-year ended 31 December 2022. At 31 December 2022, the Company had net current assets of \$142,464,916, including \$133,086,743 in cash and cash equivalents.

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

- (a) Lake Resource NL management have prepared cash forecasts which indicate that current funds are sufficient to meet the current year's program of work including the Definitive Feasibility Studies and associated drilling, and exploration work, and the required hydrological, environmental and technical studies planned for the forthcoming 12-month period. This is still subject to board approval as at the date of signing of financial statement.
- (b) On 22 September 2021, Lake Resources NL (ASX: LKE; OTC: LLKKF) and Lilac Solutions, Inc. announced that after extensive successful test-work, they have entered into a partnership for technology and funding to develop Lake's Kachi Lithium Brine Project (Kachi) in Argentina. Under the terms of the partnership earn-in, Lilac is able to achieve an equity stake in the Kachi project with certain corresponding project funding obligations, while providing its leading technology to advance the project. In accordance with the executed agreement Lilac agrees to:
 - (a) engage at its Cost in a demonstration of the efficacy of the Lilac Project Technology with Kachi Project Brines using pilot-scale module(s) at Lilac's facility in Oakland, California, USA; and
 - (b) assist with the development of the Pilot Project, by:
 - (1) funding, at its own Cost, the construction, deployment and operation by Lilac of an ion exchange lithium extraction plant based on the Lilac Project Technology at the Kachi Project (Lilac Pilot Unit); and
 - (2) by completing the testing.

Lilac Solutions successfully operated the Demonstration Plant for 1,000 consecutive hours and produced 40,000 litres of lithium chloride eluate before December 31, 2022, meeting all key testing milestones in accordance with the agreed timeline.

- (c) Proven ability of the Consolidated entity to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$175,575,639 in cash during the 30 June 2022 financial year

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 1. Significant accounting policies (continued)

d. Going Concern (continued)

- (d) In July 2018, Lake entered into an At-the-market subscription Agreement (ATM) (also referred to as Controlled Placement Agreement) with Acuity Capital. The ATM provides Lake with up to \$250 million of standby equity of which Lake has utilised a total of \$43.8 million. This agreement has been extended from 31 January 2023 to 31 January 2026, though there is no requirement on Lake to utilize the ATM and can be terminated at any time without cost or penalty. This provides another additional source of raising cash.

e. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated entity only.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Exploration and evaluation costs

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

Note 3. Operating segments

Segment Information

The Consolidated entity currently operates entirely in the mineral exploration industry with interests in Argentina and corporate operations in Australia. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the financial statements.

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 3. Operating segments (continued)

Segment Information (continued)

Geographical information

	Argentina		Australia		US	Total		
	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Statement of Profit or Loss and Other Comprehensive Income								
(Expenses)/income	20,128,350	4,139,744	(19,086,744)	(9,822,839)	(1,119,802)	-	(78,196)	(5,683,095)
Profit/(loss) after income tax expense for the half-year	20,128,350	4,139,744	(19,086,744)	(9,822,839)	(1,119,802)	-	(78,196)	(5,683,095)
Asset additions								
Exploration expenditure	31,492,721	20,139,126	5,501,594	3,636,585	-	-	36,994,315	23,775,711
Property, plant and equipment	822,072	605,889	26,084	9,204	-	-	848,156	615,093
Right-of-Use Lease Asset	87,757	229,692	-	-	1,532,598	-	1,620,355	229,692
Total segment assets	24,067,860	32,078,749	198,155,019	191,806,536	2,453,635	-	224,676,514	223,885,285
Total segment liabilities	3,290,503	3,351,977	3,144,763	1,700,847	1,533,210	-	7,968,476	5,052,824

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 4. Profit/(loss) before income tax includes the following specific expenses:

	31 December 2022	31 December 2021
	\$	\$
Corporate expenses		
Advertising	34,576	61,431
Audit fees	171,670	19,160
Consulting fees	-	70,000
Investor relations	328,855	776,711
Share registry	259,233	432,579
Travel expense	1,788,487	97,662
	<u>2,582,821</u>	<u>1,457,543</u>
Consultancy and legal cost		
Directors fees	837,473	70,000
Consulting fees	3,218,477	15,000
Legal expenses	819,442	242,557
Other	452,708	437,516
	<u>5,328,100</u>	<u>765,073</u>
Finance income and expenses		
Finance income	943,744	-
Interest and finance charges payable for lease liabilities	(4,393)	(1,588)
Interest expense	(8,682)	-
	<u>930,669</u>	<u>(1,588)</u>
Foreign exchange (gains) and losses		
Realised gain or loss	24,733	(526,107)
Unrealised gain or loss	1,084,772	1,506,911
	<u>1,109,505</u>	<u>980,804</u>

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

**Note 4. Profit/(loss) before income tax includes the following specific expenses:
(continued)**

Gain on Electronic Payment Market (MEP Dollar)

Argentine government has instituted exchange controls restricting the purchase of foreign currencies. As a result of these exchange controls, the Group use a legal trading mechanism commonly known as the MEP Dollar in which the Argentinian subsidiaries, Morena Del Valle SA and Minerales Australes SA buy Argentinian bonds in USD, and then sell the bonds, via local banking broker in Argentina, for Argentinian Peso. This is to enable the Group to fund working capital and exploration activities in its Argentinian operations. The MEP Dollar exchange rate has diverged significantly from Argentina's official exchange rate resulting in the Group recognising a gain from MEP Dollar bond transactions.

The MEP Dollar bonds are financial instruments where the gain or loss associated with the trading of these financial instruments are treated as other income or other expenses. A gain of \$25,245,043 was recognised in the period ended 31 December 2022 (2021: Nil). The Group held no unsettled MEP Dollar bonds at 31 December (31 December 2021: nil).

Note 5. Non-current assets – exploration and evaluation

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Exploration and evaluation asset		
Cost	72,782,127	41,549,942

Movements in exploration and evaluation expenditure for the current period were as follows:

Half-year ended 31 December 2022	
Opening net book amount	41,549,942
Additions	36,994,315
Exchange differences	(5,762,130)
At 31 December 2022	<u>72,782,127</u>

The Consolidated entity determined no indicators of impairment were identified during the period, hence no provision for impairment was recorded in the financial statements for the half-year ended 31 December 2022. The recoverability of exploration project acquisition costs is dependent upon the successful development and commercial exploitation, or alternatively the sale of areas of interest.

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 6. Right-of-use assets and lease liabilities

This note provides information for leases where the Consolidated entity is a lessee under a finance lease (refer to note for further details):

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Right-of-use assets		
Cost	1,804,433	258,111
Accumulated depreciation	(94,373)	(28,419)
Net book amount	1,710,060	229,692

Additions to the right-of-use asset during the period ended 31 December 2022 were \$1,546,322 (2022: \$258,111). The Group's leases primarily relate to real commercial property leases in US and Argentina.

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Lease liabilities		
Current lease liability	296,284	80,235
Non-current lease liability	1,492,256	197,622
	1,788,540	277,857

Note 7. Trade and other receivables

	Consolidated entity	
	31 December	30 June
	2022	2022
	\$	\$
Trade and other receivables		
Loans to key management personnel	627,773	1,077,773
Other receivables	1,763,790	509,238
VAT receivable	9,034,247	4,147,682
	11,425,810	5,734,693

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

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 7. Trade and other receivables (continued)

During the 2022 financial year a short-term loan for \$1,077,773 was drawn by Mr. S. Promnitz. A total of \$450,000 has been received to date. Due to the short term nature of these receivables, their carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security. While the Directors have made their best endeavours to quantify the balance of the loan owing, a number of transactions are disputed by Mr. Promnitz and the Group is in the process of responding to Mr. Promnitz to support the disputed transactions. The matter is ongoing but the Directors expect full recovery of the amount owing.

Note 8. Equity – issued capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	1,391,670,546	1,389,709,907	230,451,788	231,179,318

(i) Movements in share capital

Details	Notes	Date	Number of shares (thousands)	Issue price \$	Total \$
Opening balance		01/07/2022	1,389,709,907	-	231,179,318
Exercise of options		02/07/2022	26,000	0.49	12,740
Exercise of options		11/08/2022	43,000	0.49	21,070
Exercise of options		11/08/2022	64,300	0.30	19,290
Exercise of options		26/08/2022	37,503	0.30	11,250
Exercise of options		18/08/2022	93,000	0.49	45,570
Exercise of options		15/10/2022	225,000	0.75	168,750
Exercise of options		24/10/2022	700,000	0.75	525,000
Exercise of options		14/11/2022	350,000	0.75	262,500
Exercise of options		09/12/2022	400,000	0.75	300,000
Exercise of options		29/12/2022	21,837	-	-
Less: Transaction costs arising on share issues				-	(348,852)
Less: Transaction cost arising on options issued - to brokers	12(a)(iv)		-	-	(1,744,848)
Closing balance		31/12/2022	1,391,670,546	-	230,451,788

(ii) Share based payment transactions in share capital movements

Issues of share capital during the half-year included the equity-settled share-based payment transactions for the payment for fees and of services as detailed in Note 12.

Note 8. Equity – issued capital (continued)

(iii) Performance rights

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Balance at the end of the period	Vested during period but not converted	Expired during the period
24-Feb-22	12-Sep-24	10,000,000	-	(2,500,000)	7,500,000	7,500,000	-
15-Aug-19	15-Aug-24	15,000,000	-	(5,000,000)	10,000,000	-	-

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

The terms and conditions of performance rights on issue at 31 December 2022 affecting remuneration of Directors and other key management personnel in this financial period or future reporting periods, are as follows:

Grant date	Expiry date	No. of Rights granted	Performance hurdle	Performance achieved	No. vested and exercised	No. vested and not exercised	No. expired during the period
15-Aug-19	15-Aug-19	5,000,000	PFS	100%	5,000,000	-	-
15-Aug-19	15-Aug-24	2,500,000	Pilot plants	100%	-	2,500,000	-
15-Aug-19	15-Aug-24	7,500,000	Investor	100%	-	5,000,000	-

Performance rights outcomes are as follows:

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

As at 30 June 2022 Mr Crow's 5 million performance rights and Dr Lindsay's remaining 2.5 million performance rights are full vested. In this financial period both options are yet to be exercised. Dr. Lindsay resigned on the 28 November 2022, as at date board approval is yet to be received for the issue of the shares.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 8. Equity – issued capital (continued)

(iv) Options

Movements in the number of options on issue, were as follows:

Nature of Options	Grant / Vest date	Expiry date	Exercised price	Balance at 1 July 2022	Issued	Expired Unexercised	Exercised	Balance at 31 December 2022
Option issued to KMP	13-Jul-21	12-Jul-21	\$0.55	2,000,000	-	-	-	2,000,000
Option issued to Brokers/Consultants	1-Aug-21	1-Aug-24	\$0.50	5,763,000	-	-	(162,000)	5,601,000
Option issued to Brokers/Consultants	19-Jan-22	19-Jan-25	\$1.48	1,000,000	-	-	-	1,000,000
Option issued to KMP	14-Oct-21	25-Oct-24	\$0.57	2,000,000	-	-	-	2,000,000
Option issued to Brokers/Consultants	16-Mar-22	01-Mar-23	\$1.00	100,000	-	-	-	100,000
Option issued to Brokers/Consultants	16-Mar-22	15-Oct-22	\$0.75	225,000	-	-	(225,000)	-
Option issued to Brokers/Consultants	26-April-22	26-April-25	\$1.42	1,036,122	-	-	-	1,036,122
Option issued to Brokers/Consultants	26-April-22	26-April-25	\$1.42	1,036,122	-	-	-	1,036,122
Option issued to KMP	26-Aug-22	22-Aug-25	\$1.50	-	1,000,000	-	-	1,000,000
Option issued to Director	10-Oct-22	15-Sep-27	\$1.13	-	4,000,000	-	-	4,000,000
Option issued to Brokers/Consultants	24-Oct-22	24-Oct-25	\$1.00	-	1,500,000	-	-	1,500,000
Option issued to Brokers/Consultants	24-Oct-22	24-Oct-25	\$1.00	-	1,500,000	-	-	1,500,000
Option issued to Brokers/Consultants	12-Sept-22	15-Jun-25	\$0.75	-	5,460,000	-	(1,450,000)	4,010,000
Option issued to Brokers/Consultants	12-Sept-22	15-Jun-25	\$0.75	-	280,000	-	-	280,000
Option issued to Brokers/Consultants	12-Sept-22	15-Jun-25	\$0.75	-	1,260,000	-	-	1,260,000
Option issued to KMP	10-Oct-22	10-Oct-27	\$0.99	-	500,000	-	-	500,000
Option issued to KMP	11-Oct-22	11-Oct-27	\$0.99	-	300,000	-	-	300,000
Option issued to Staff	14-Nov-22	14-Nov-27	\$1.17	-	75,000	-	-	75,000
Option issued to Staff	21-Nov-22	21-Nov-27	\$1.06	-	50,000	-	-	50,000
Total				13,160,244	15,925,000	-	(1,837,000)	27,248,244

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 8. Equity – issued capital (continued)

(v) *Performance shares*

(a) Movements in performance shares were as follows:

Grant date	Expiry date	Balance at the start of the year	Granted	Converted to Shares	Expired	Balance at the end of the period	Vested during the period but not converted
24-Feb-22	12-Dec-22	123,809	-	-	123,809	-	-
24-Feb-22	12-Mar-23	139,285	-	-	-	139,285	-
24-Feb-22	12-Sep-23	167,142	-	-	-	167,142	-
24-Feb-22	12-Sep-24	250,714	-	-	-	250,714	-
24-Feb-22	1-Jun-22	92,343	-	-	92,343	-	-
24-Feb-22	1-Jun-22	147,749	-	-	147,749	-	-
24-Feb-22	1-Jun-22	147,749	-	147,749	-	-	-
24-Feb-22	1-Mar-23	73,874	-	-	73,874	-	-
12-Sept-22	22-Jan-24	-	33,058	-	-	33,058	-
12-Sept-22	22-Jan-24	-	39,669	-	-	39,669	-
12-Sept-22	22-Nov-24	-	92,563	-	-	92,563	-
Total		1,142,665	165,290	147,749	437,775	722,431	-

Due to Dr. Lindsay resignation on the 28 November 2022, the unwinding of his remaining performance shares was performed in the current year.

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

Position	Number of Rights granted	Performance measure	Measurement date	Directors judgement at 31 December 2022
SVP Field Development & Evaluation	33,058	Public announcement of a maiden JORC resource at any of the Cauchari, Olaroz or Paso prospects	22-Nov-23	In the Directors judgement, this milestones will not be met by measurement date. Nil expenses recorded.
	39,669	Public announcement of a second maiden resource at any of Cauchari, Olaroz or Paso prospects	22-Nov-23	In the Directors judgement, this milestones will not be met by measurement date. Nil expenses recorded.
	92,563	Successful completion of a Preliminary Economic Assessment (PEA) or Prefeasibility Study (PFS) at any of Cauchari, Olaroz or Paso prospects	22-Aug-24	In the Directors judgement, this milestones will not be met by measurement date. Nil expenses recorded.

Note 9. Equity - reserves

	Consolidated entity	
	31 December 2022 \$	30 June 2022 \$
Change in proportionate interest reserve	(204,132)	-
Capital profits reserve	4,997	4,997
Performance rights and restricted stock units reserve	898,307	970,130
Foreign currency translation reserve	(12,920,875)	465,152
Option reserves	18,841,123	8,068,140
Total equity reserves	6,619,420	9,508,419

(i) Change in proportionate interest reserve

The change in proportionate interest reserve is used to recognise differences between the amount by which non-controlling interests are adjusted and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(ii) Capital profits reserve

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

(iii) Option reserve

The option reserve is to recognise the fair value of options issued for share based payment to employees and service providers in relation to the supply of goods or services. Once options in a series have all been exercised or have expired, the reserve related to those options is transferred to accumulated losses.

(iv) Performance rights and restricted stock unit reserve

The performance and restricted stock unit reserve is to recognise the fair value of performance right and restricted stock unit issued for share based payment to employees and service providers in relation to the supply of goods or services. Once performance right or restricted stock unit in a series have all been exercised or have expired, the reserve related to those performance right and restricted stock unit is transferred to accumulated losses.

(v) Foreign currency translation reserve

The foreign currency translation reserve recognises exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. In the current period, there was material movement arising from the hyperinflationary effect of the ARS to the Consolidated entity's consolidated financial report.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 9. Equity - reserves (continued)

(vi) Movements in reserves

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

	Capital profit reserve \$	Option reserve \$	Performance rights and restricted stock units reserve \$	Change in proportionate interest reserve \$	Foreign currency translation reserve \$	Total other reserves \$
Consolidated entity						
At 1 July 2021	4,997	2,625,776	345,000	-	388,818	3,364,591
Issue of unlisted options	-	2,668,003	-	-	-	2,668,003
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(3,039,473)	-	-	-	(3,039,473)
Other comprehensive income	-	-	-	-	91,126	91,126
Share based payments	-	461,248	-	-	-	461,248
Vesting of performance rights to Directors	-	-	265,938	-	-	265,938
At 31 December 2021	4,997	2,715,554	610,938	-	479,944	3,811,433

	Capital profit reserve \$	Option reserve \$	Performance rights and restricted stock units reserve \$	Change in proportionate interest reserve \$	Foreign currency translation reserve \$	Total other reserves \$
Consolidated entity						
At 1 July 2022	4,997	8,068,141	970,129	-	465,152	9,508,419
Issue of unlisted options	-	1,744,848	-	-	-	1,744,848
Transfer from option reserve to accumulated losses on broker options expiry/exercise	-	(1,366,171)	-	-	-	(1,366,171)
Share-based payments	-	10,093,107	301,199	-	-	10,394,306
Unwinding performance rights to Directors	-	-	(71,823)	-	-	(71,823)
Change in interest in controlled entity	-	-	-	(204,132)	-	(204,132)
Other comprehensive income	-	-	-	-	(13,386,027)	(13,386,027)
At 31 December 2022	4,997	18,539,925	1,199,505	(204,132)	(12,920,875)	6,619,420

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 10. Events occurring after the reporting period

On 10 January 2023, Lake announced that Lilac has successfully operated the Demonstration Plant for 1000 consecutive hours and produced 40,000 litres of lithium chloride before 31 December 2022, therefore has met all key testing milestones in accordance with agreed timeline. The lithium chloride eluate produced by Lilac is in the process of being shipped to Saltworks and converted to lithium carbonate, after which it will be independently tested for purity.

Pursuant to ASX announcement 12 January 2023, Lake resources has embarked on expansion and reorganization of the operating team to align for technical need of Kachi Project development as it moves into the development stage. Its expansion of the operating team includes adding experts across technical, procurement, project, hydrogeology, drilling and engineering experts, to oversee the technical requirements of the next stage of development.

On 30 January 2023, the company issued 25,000,000 fully paid ordinary shares at nil cash consideration to increase the total security held by Acuity Capital to 65 million LKE shares ("Collateral Shares"). The Company may at any time cancel the At-the-Market Subscription agreement (ATM), including buying back (and cancelling) the Collateral Shares for nil consideration (subject to shareholder approval).

On 31 January 2023, Sra. Amalia Saenz resigned from the board effective 1 February 2023, to take on a more executive role to lead Lake's government relations team, oversee corporate social responsibility programs, and steer community and stakeholder engagement in Argentina.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

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Lake Resources NL
 Notes to the financial statements
 for the half-year ended 31 December 2022

Note 11. Earnings per share

a. Reconciliation of earnings used in calculating earnings per share

	Consolidated entity	
	31 December 2022	31 December 2021
	\$	\$
Profit/(loss) after income tax attributable to the owners of Lake Resources NL	<u>(1,786,055)</u>	<u>(4,711,567)</u>

b. Weighted average number of shares used as denominator

Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>1,390,396,912</u>	<u>1,103,719,280</u>
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	31 December 2022 Cents	31 December 2021 Cents
Basic earnings/(loss) per share	<u>(0.13)</u>	<u>(0.43)</u>
Diluted earnings/(loss) per share	<u>(0.13)</u>	<u>(0.43)</u>

Options, Restricted Stock Units and performance rights are considered anti-dilutive as the Company is in an accumulated loss position.

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 12. Share-based payments

During the half-year ended 31 December 2022, the Company entered into equity-settled share-based payment transactions for the acquisition of goods and services, from Directors, Executive officers and external service providers (brokers and investor relations consultants), were charged as follows:

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$	\$
Expensed to profit or loss- Options (Note 12a(i))	10,093,107	727,186
Expensed to profit or loss - RSU (Note 12a(ii))	301,199	-
Expensed to profit or loss- Performance shares (Note 12a(iii))	(71,832)	-
Capitalised as equity transaction cost (Note 12a(iv))	1,744,848	2,668,003
	<u>12,067,322</u>	<u>3,395,189</u>
and credited as follows:		
Option reserve	12,067,322	3,129,251
Performance Rights Reserve	-	265,938
	<u>12,067,322</u>	<u>3,395,189</u>

a. Expensed to Profit or Loss

(i) Options issue to Key Management Personnel and Supplier options

	Consolidated entity	
	31 December	31 December
	2022	2021
	\$	\$
Options issued to brokers and consultants	8,768,375	-
Options issued to directors and executives	1,324,732	727,186
	<u>10,093,107</u>	<u>727,186</u>

Refer to Note 13 for details of options issued to directors and executives.

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Note 12. Share-based payments (continued)

a. Expensed to Profit or Loss (continued)

(i) Options issue to Key Management Personnel and Supplier options (continued)

During the period 10,000,000 options and remuneration were granted as equity-settled share-based payment transactions for the payment of fees and services, expensed through profit or loss and were determined using Black Scholes methodology utilising the following assumptions:

Grant date	Number of options granted	Expiry date	Exercise price	Fair value at grant date	Expensed \$
24-Oct-22	1,500,000	24-Oct-25	\$1.000	\$1.080	1,117,581
24-Oct-22	1,500,000	24-Oct-25	\$1.000	\$1.080	1,117,581
12-Sep-22	5,460,000	15-Jun-25	\$0.750	\$1.260	5,095,906
12-Sep-22	280,000	15-Jun-25	\$0.750	\$1.260	261,329
12-Sep-22	1,260,000	15-Jun-25	\$0.750	\$1.260	1,175,978
Total	10,000,000				8,768,375

Grant date	24-Oct-22	24-Oct-22	12-Sep-22	12-Sep-22	12-Sep-22
Vesting Date	24-Oct-22	24-Oct-22	12-Sep-22	12-Sep-22	12-Sep-22
Share Price at grant date	\$1.080	\$1.080	\$1.260	\$1.260	\$1.260
Exercise (Strike) Price	\$1.000	\$1.000	\$0.750	\$0.750	\$0.750
Time to Maturity (in years)	3	3	2.76	2.76	2.76
Annual Risk-Free Rate	3.6%	3.6%	3.24%	3.24%	3.24%
Annualised Volatility	109.949%	109.949%	109.949%	109.949%	109.949%

The options vested immediately, and some were exercised at period end. For the period ended 31 December 2022, \$8,768,375 (2021: \$Nil) was recognised as an expense in the profit or loss.

These options issued to Directors, Key management Personnel and a senior management staff as part of Lake's Resources Employee Award Program approved during the period are detailed in Note 13

(ii) Restricted Stock Unit issued as part of employee benefit

	Consolidated entity	
	31 December 2022	31 December 2021
	\$	\$
Restricted Stock Unit issued under employee award plan	301,199	-
Refer to details of Restricted Stock Unit issued to Note 13		

Note 12. Share-based payments (continued)

a. Expensed to Profit or Loss (continued)

(iii) Performance shares issue to Directors

Grant date	Number of Rights/ shares granted	Expiry date	Converted to Shares/ Expired	Fair value at grant date	Expensed 2022 \$
22-Feb-22	123,809	12-Dec-22	123,809	\$0.090	-
22-Feb-22	139,285	12-Mar-23	-	\$0.090	-
22-Feb-22	167,142	12-Sep-23	-	\$0.090	-
22-Feb-22	250,714	12-Sep-24	-	\$0.090	-
22-Feb-22	92,343	1-Jun-22	92,343	\$0.090	-
22-Feb-22	147,749	1-Jun-22	-	\$0.090	-
22-Feb-22	147,749	1-Mar-22	147,749	\$0.090	-
24-Feb-22	73,874	1-Mar-22	73,874	\$0.090	(71,823)
12-Sep-22	33,058	22-Jan-24	-	\$1.210	-
12-Sep-22	39,669	22-Jan-24	-	\$1.210	-
12-Sep-22	92,563	22-Nov-22	-	\$1.210	-
	1,307,955				(71,823)

Directors exercised judgement in assessing that the likelihood of the remaining hurdles for the vesting of the performance rights has materially changed since the prior year. Accordingly for the year ended 31 December 2022, \$71,823 (2022: \$373,750) was credited in the profit or loss. The expense calculation recognises the probability of the performance hurdles being achieved.

(iv) Options issued for capital raising services

Shares under option granted to brokers and investor relations consultants in the prior period and continued to vest.

	Grant date	Number of options Issued	Exercise price \$	Expensed 2022
Canacord Tranch 1	16-Jul-21	10,000,000	\$0.550	507,264
Canacord Tranch 2	16-Jul-21	10,000,000	\$0.550	546,554
Canacord Tranch 3	16-Jul-21	10,000,000	\$0.550	484,188
Canacord Tranch 4	16-Jul-21	5,000,000	\$0.550	206,843
		35,000,000		1,744,848

Note 13. Employee Option and Restricted Stock Unit Plan

The establishment of the Employee Award Scheme was approved by shareholders at the 2022 Annual General Meeting. The Employee Award Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholders returns.

Under the plan, participants are granted options and restricted stock units which vest in 25% increments on each of the first four anniversaries of the commencement date, subject to the participant continuing an employee of Lake Resources through the applicable vesting date; where a change in control occurs while still employed by the company, any then un-vested RSU's and options shall immediately vest.

Options and Restricted Stock Unit granted under the plan are for no consideration and carry no dividend or voting rights.

(i) Restricted Stock Units

Restricted Stock Unit granted under the plan for are no consideration and carry no dividend or voting rights.

The terms and conditions of Restricted Stock Unit on issue at 31 December 2022 affecting remuneration of directors and other key management personnel in this financial period or reporting period are as follows:

Grant date	Vesting date	Number of units allotted	Fair value price	Valuation
15-Sep-22	15-Sep-23	250,000	\$0.930	232,500
	15-Sep-24	250,000	\$0.930	232,500
	15-Sep-25	250,000	\$0.930	232,500
	15-Sep-26	250,000	\$0.930	232,500
11-Oct-22	11-Oct-23	25,000	\$0.990	24,750
	11-Oct-24	25,000	\$0.990	24,750
	11-Oct-25	25,000	\$0.990	24,750
	11-Oct-26	25,000	\$0.990	24,750
10-Oct-22	10-Oct-23	37,500	\$0.990	37,125
	10-Oct-24	37,500	\$0.990	37,125
	10-Oct-25	37,500	\$0.990	37,125
	10-Oct-26	37,500	\$0.990	37,125
1-Dec-22	1-Dec-23	232,500	\$1.030	239,475
2-Dec-22	2-Dec-23	232,500	\$1.030	239,475
14-Nov-22	14-Nov-23	18,750	\$1.180	22,125
	14-Nov-24	18,750	\$1.180	22,125
	14-Nov-25	18,750	\$1.180	22,125
	14-Nov-26	18,750	\$1.180	22,125
4-Nov-22	4-Nov-23	12,500	\$1.070	13,375
	4-Nov-24	12,500	\$1.070	13,375
	4-Nov-25	12,500	\$1.070	13,375
	4-Nov-26	12,500	\$1.070	13,375
		1,840,000		1,798,450

Note 13. Employee Option and Restricted Stock Unit Plan (continued)

(i) Restricted Stock Units (continued)

Under the plan, participants are granted restricted stock units which vest in 25% increments on each of the first four anniversaries of the commencement date. These RSU's have been valued using the assumptions below:

- The exercise price is based on fair value of share price at grant date; and
- The restricted stock units have varying grant dates being the dates on which the employee commenced employment with the company. The share price at each grant date has been taken from the closing price on the ASX on the grant date or the previous trading day.

Grant date	Number of RSU's granted	Expiry date	Exercise price	Fair value at grant date	Expensed \$
4-Nov-22	50,000	4-Nov-26	\$1.070	\$1.070	3,827
14-Nov-22	75,000	14-Nov-27	\$1.180	\$1.180	5,932
15-Sept-22	1,000,000	15-Sep-26	\$0.930	\$0.930	141,916
11-Oct-22	100,000	11-Oct-27	\$0.990	\$0.990	11,436
1-Dec-22	232,500	1-Dec-23	\$1.030	\$1.030	60,361
2-Dec-22	232,500	2-Dec-23	\$1.030	\$1.030	60,361
10-Oct-22	150,000	10-Oct-27	\$0.995	\$0.995	17,366
	1,840,000				301,199

(ii) Options

The terms and conditions of options on issue at 31 December 2022 affecting remuneration Directors and other key management personnel of director (Note 12(a)(i)) and employees in this financial period or reporting period are as follows:

Grant date	Number of Option's granted	Expiry date	Exercise price	Fair value	Expensed \$
21-Nov-22	50,000	21-Nov-27	\$1.060	\$1.060	2,389
14-Nov-22	75,000	14-Nov-27	\$1.175	\$1.175	4,670
15-Sept-22	1,000,000	15-Sep-27	\$1.130	\$1.130	469,369
22-Aug-22	1,000,000	22-Aug-25	\$1.500	\$1.500	775,093
11-Oct-22	300,000	11-Oct-27	\$0.990	\$0.990	27,173
10-Oct-22	500,000	10-Oct-27	\$0.995	\$0.995	46,038
	2,925,000				1,324,732

Under the plan, participants are granted options which vest in 25% increments on each of the first four anniversaries of the commencement date. These Option's have been valued using both the Black-Scholes model with the following assumptions:

- The exercise price is based on fair value of share price at grant date; and
- The restricted stock units have varying grant dates being the dates on which the employee commenced employment with the company. The share price at each grant date has been taken from the closing price on the ASX on the grant date or the previous trading day.

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 13. Employee Option and Restricted Stock Unit Plan (continued)

(ii) Options (continued)

Grant date	22-Aug-22	15-Sep-22	11-Oct-22	10-Oct-22	21-Nov-22	14-Nov-22
Vesting Date	22-Aug-22	15-Sep-26	11-Oct-26	10-Oct-27	21-Nov-26	14-Nov-26
Share Price at grant date	\$1.210	\$0.925	\$0.990	\$0.995	\$1.060	\$1.175
Exercise (Strike) Price	\$1.500	\$1.130	\$0.990	\$0.995	\$1.060	\$1.175
Time to Maturity (in years)	3	5	5	5	5	5
Annual Risk-Free Rate	3.6%	3.79%	3.70%	3.57%	3.34%	3.44%
Annualised Volatility	109.949%	109.949%	107.70%	107.70%	107.7%	107.7%

Prior to the establishment of the plan Mr Miller was awarded options which vested immediately.

Note 14. Related party transactions

Parent entities

Lake Resources NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out below.

Name of entity	Principal place of business/Country of incorporation	Ownership interest	
		31 December 2022 %	31 December 2021 %
Kachi Lithium Pty Ltd*	Australia	90	100
LithNRG Pty Ltd	Australia	100	100
Minerales Australes SA	Argentina	100	100
Morena del Valle Minerals SA*	Argentina	90	100
Lake Resources CRN Pty Ltd	Australia	100	100
Lake Corporate FL LLC**	USA	100	-
Lake Corporate Inc**	USA	100	-

* Refer to Note 15 for details on the non-controlling interest on Kachi Lithium Pty Ltd which owns Morena del Valle Minerals SA

** Lake Corporate FL LLC and Lake Corporate Inc. was incorporated on 31 August 2022 as a wholly owned subsidiary of Lake Resources NL.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 14. Related party transactions (continued)

Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated entity	
	31 December 2022 \$	30 June 2022 \$
<i>Payment for services</i>		
Consultancy services provided by companies associated with Mr. Stuart Crow (Director)	99,000	96,600
Consultancy services provided by a Consolidated entity associated with Mr. Nicholas Lindsay (Director)	-	186,593
Purchases of electronic equipment from other related parties	-	108,260
Consultancy services provided by Acting Company Secretary, Robert Simon	51,894	-
	150,894	391,453
<i>Receivable from related parties</i>		
Net advances to Mr Stephen Promnitz	627,773	1,077,773

Terms and conditions

Disclosures relating to the advance to Mr. Promnitz:

- The outstanding balance at 31 December 2022 was \$627,773 (2022: \$1,077,774).
- The terms and conditions at June 2022 of the advances are unsecured and has no personal guarantees. There were no changes as at 31 December 2022.
- No provision for credit loss been recognised.

Note 15. Non-controlling interests

Name	Proportion of ownership interest and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	30 June 2022
Kachi Lithium Pty Ltd	10%	-	1,707,859	-	1,911,991	-

On 22 September 2021, Lake Resources NL and Lilac Solutions, Inc. entered a partnership for technology and funding to develop Lake's Kachi Lithium Brine Project (Kachi) in Argentina. Under the terms of the partnership earn-in, Lilac can achieve an equity stake in the Kachi project with certain corresponding project funding obligations, while providing its leading technology to advance the project. During the period, Lilac Solution Kachi, LLC earned 10% interest in Kachi Lithium Pty Ltd upon commitment to provide funds. Details of the relevant phases and KPI as detailed below and this entitles Lilac Solution to Class B shares.

Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 15. Non-controlling interests (continued)

Details of the key milestones are highlighted below:

	Event	KPI	Status
1	Commitment to provide fund	Phase 1 will commence on the "Effective Date" under the Shareholders Agreement and end the day prior to the day on which Phase 2 commences	Achieved earned 10% stake in Kachi Lithium Pty Ltd commitment to provide fund
2	Preparation of the Oakland Chloride Product	The Oakland Chloride Product will be a "Lithium Carbonate Feed," meaning that, in each case as reported by Lilac and confirmed via sample analysis by SGS S.A., ALS Limited, or a similar high quality Third Party analytical lab selected by Lilac (an "Independent Lab"), it will have: 1. lithium content above 1 g/L; 2. total sodium, magnesium, calcium, and potassium ("Other Metal Cations") content less than 3x higher than lithium content (e.g., if lithium at 2 g/L, total Other Metal Cations must be less than 6 g/L); and 3. iron and boron content each less than 1/10th the lithium content (e.g. if lithium at 2 g/L, iron and boron must each be below 0.2 g/L).	On 10 January 2023, Lake announced that Lilac has successfully operated the Demonstration Plant for 1,000 consecutive hours and produced 40,000 litres of lithium chloride before 31 December 2022, therefore has met all key testing milestones in accordance with agreed timeline. The lithium chloride eluate produced by Lilac is in the process of being shipped to Saltworks and converted to lithium carbonate, after which it will be independently tested for purity. Testing results are expected Mid March which may offer a 5% stake in Kachi Lithium Pty Ltd if successful. Last 10% milestone is earned upon completion of 2500 kg LCE in full lithium carbonate equivalent, currently forecast in April 2023.
	Lilac Test-Work in Oakland to Support DFS	An Oakland Pilot Work test must demonstrate, in each case as reported by Lilac and confirmed via sample analysis by an Independent Lab: 1. lithium recovery above 80% for a brine containing at least 250 mg_Li/L (if test is done on a brine provided by Lake with less than 250 mg_Li/L, the required lithium recovery for this KPI shall be reduced by 0.5% for every 1 mg_Li/L below 250 mg_Li/L of the brine); and 2. production of a lithium chloride solution that is a Lithium Carbonate Feed, as defined in the specifications in 1 above.	
	Lilac Test-Work On-Site	1. Lilac completes at least 1,000 hours of operations (including uptime, maintenance, monitoring, and other work that constitutes operations as determined by Lilac in its reasonable discretion) of the Lilac Pilot Unit onsite at Kachi provided, however that this will be deemed achieved if Lake fails to facilitate operation of the Pilot Unit pursuant to clause 8.4; and 2. produces a Lithium Carbonate Feed (as defined in the specifications in KPI 1 above) totalling at least 2,500 kg of lithium carbonate equivalents from onsite operations (storage of this product will be Lake's sole responsibility and at Lake's sole cost).	
3	Product Qualification	Phase 3 will commence on the date on which the Class B Shareholder satisfies the Phase 3 (obtain Tier 1 Product Qualification) and ends on the date of conversion of the Class A Shares into Class A-1 Shares	In progress

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Lake Resources NL
Notes to the financial statements
for the half-year ended 31 December 2022

Note 15. Non-controlling interests (continued)

Summarised financial information for Kachi Lithium Pty Ltd, before intragroup eliminations, is set out below:

	31 December 2022 \$	30 June 2022 \$
Current assets	13,218,662	-
Non-current assets	75,299,112	-
Total assets	<u>88,517,774</u>	-
Current liabilities	44,097,293	-
Non-current liabilities	224,638	-
Total liabilities	<u>44,321,931</u>	-
Equity attributable to owners of the parent	44,195,843	-
Non-controlling interest	<u>(1,911,991)</u>	-
Profit for the period attributable to owners of the parent	17,078,594	-
Loss for the period attributable to NCI	1,707,859	-
Profit for the year	<u>18,786,453</u>	-
Total comprehensive income for the year attributable to the owners of the parent	5,650,029	-
Total comprehensive income for the year attributable to NCI	1,707,859	-
Total comprehensive income for the year	<u>7,357,888</u>	-

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Lake Resources NL
Directors' declaration
for the half year ended 31 December 2022

In the Directors' opinion:

- (a) the financial statements and notes:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and AASB 134 Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts and when they become due and payable.

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

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

On behalf of the Directors



S. Crow
Director

15 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lakes Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lake Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 15 March 2023

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