



A.C.N. 004 247 214

Lakes Oil N.L.

ASX

**Announcement and
Media Release
19 December 2019**

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ASX Announcement

Lakes Oil N.L. Annual General Meeting Addresses from the Chairman and the CEO

Chairman's Address, By Richard Ash:

This has been a challenging year but still one that has seen Lakes achieve a substantial amount. We are a group that constantly manages its overhead, whilst seeking to fight above our weight and to do this we rely on our shareholders for ongoing support. We seek to keep you constantly informed and bringing you with us on this journey, the target of which is a substantial multiple on the current share price, a target that through their substantial shareholdings the directors are absolutely aligned with you in meeting.

We recently lost three directors who resigned for personal reasons and I would like to recognise and thank them for their substantial efforts, not least of which is the pressure that we have been under these past years. I understand my predecessor Chris Tonkin is with us today and thank him for his attendance and support.

The opportunities at Lake's door are substantial and in line with our strategy they are diverse in both geography and risk. Roland will speak to these in due course but it is worth noting that Lakes is a company that is, as we speak, drilling a well in South Australia, seeking substantial farm in partners in PNG and willing and able to be part of a long term energy solution for Victoria once the present moratorium has expired. Lakes currently has opportunities on its books of over 15 trillion cubic feet of prospective resource that are we seeking to prove up and develop (please refer to slide 3 of the CEO presentation of today's date for details).

We do need to note and apologise for our shares currently being in suspension. As we have previously disclosed the reason for the suspension which related, initially, to late lodgement of our annual report as we sought and, with great cooperation from the Australian Taxation Office, received confirmation that it was not seeking immediate payment of the amount relating to the disputed R&D rebate. Subsequently, the ASX has advised it cannot allow a resumption of trading until we secure a clean audit report. This is a matter we are taking seriously, and we are working with our auditor and the ASX to resolve it as quickly as possible. Lastly, we need to note the loss on appeal of our case against the Victorian Government which as noted in our ASX release is now of little consequence given the passage of time and the end of the moratorium in June 2020.

In short, I would like to thank you for attending today for your support to date and we look forward to justifying your continued support in the future.

CEO's Update on the Company Operations, By Roland Sleeman:

An update on Company Operations is as annexed below.

For and on behalf of the Board of Directors and for further information:

Richard Ash
Chairman
Lakes Oil NL
Ph: +61 3 9629 1566



Lakes Oil NL
Presentation
to
Annual General Meeting

Roland Sleeman
19 December 2019

Highlights

- **Acquisition (majority) of Rawson Oil and Gas completed.**
 - Diversification of Exploration Portfolio.

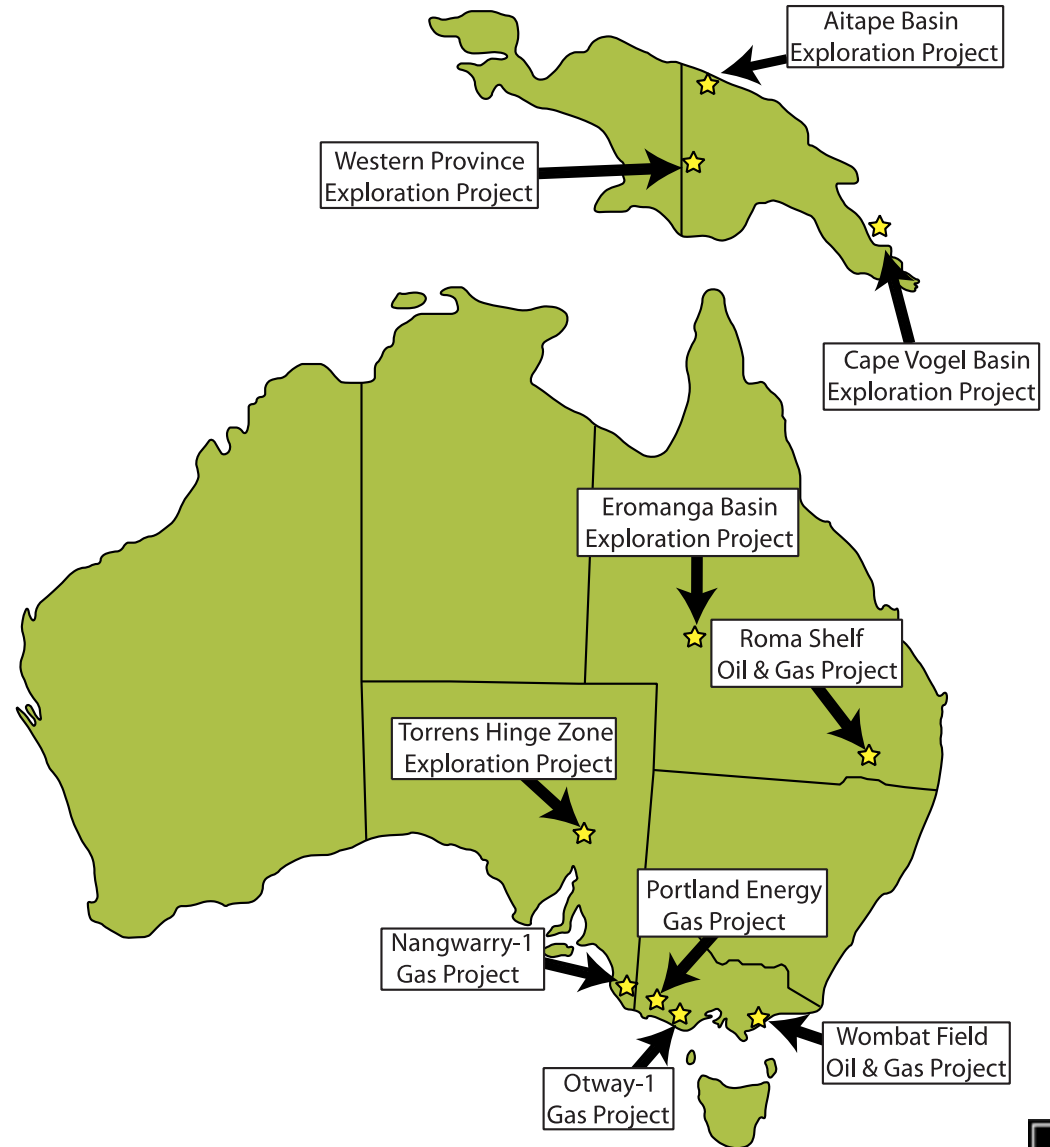
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Diversified Portfolio

Resource Potential*

| | |
|------------------------------|---------------------|
| Victoria ^{2,3} | 11.7 Tcf |
| South Australia ¹ | 28.5 Bcf (net) |
| Queensland ⁴ | 55 Bcf 4.4 MMBbl |
| PNG ⁵ | 3.3 Tcf |



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Highlights

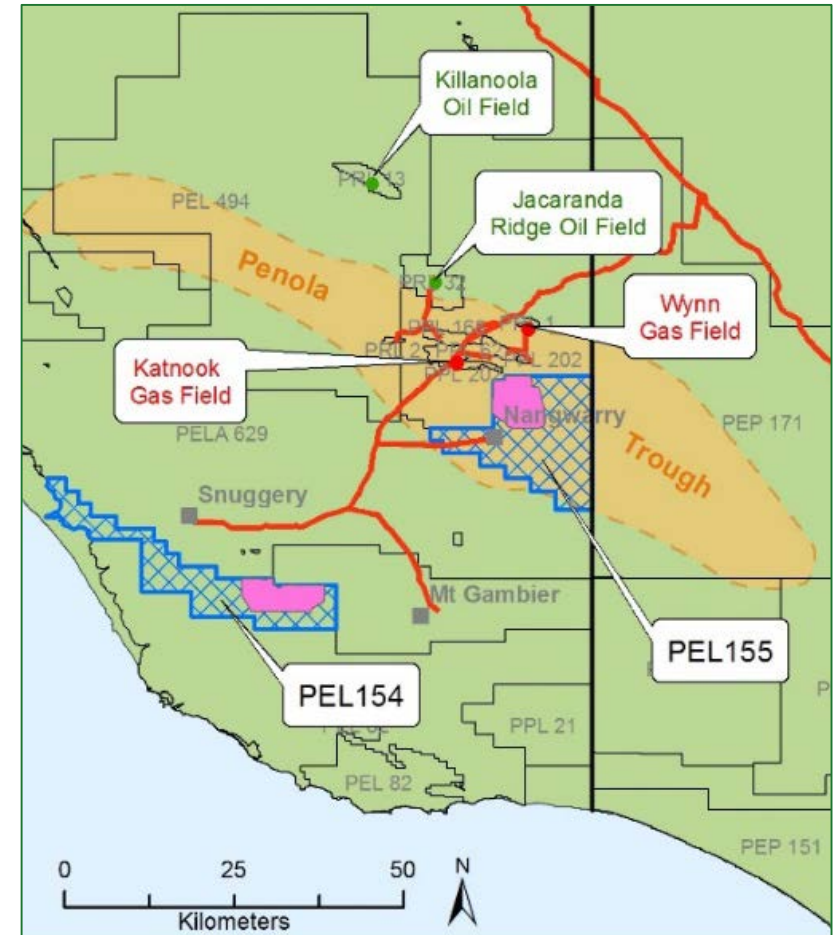
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PEL 155, South Australia (Otway Basin)

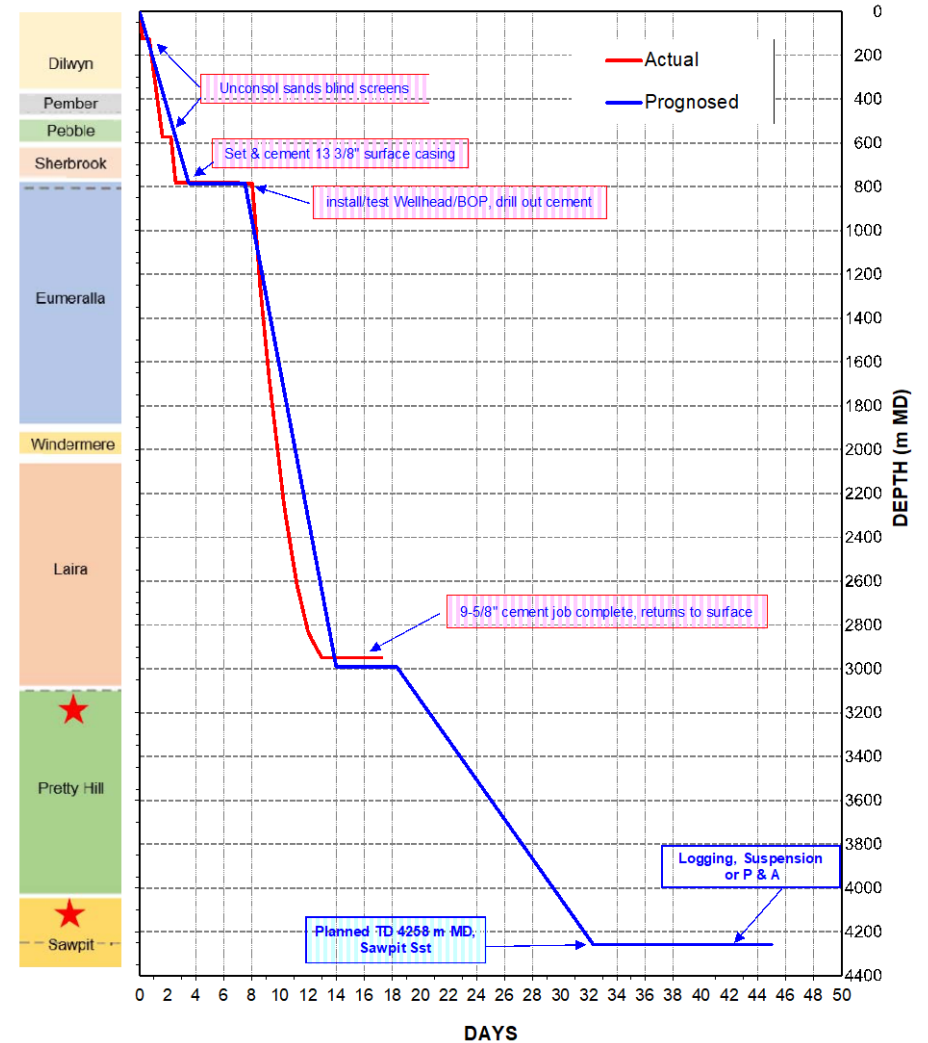
- Proven Hydrocarbon Province
- Drilling underway at Nangwarry
 - **28.5 Bcf net potential recoverable gas¹**
 - Spudded 2 December 2019
 - 2 target horizons
 - Potentially complete by year-end
- Joint venture with Vintage Energy
- Government Grant for $\approx 40\%$ of cost
- Gas market available
 - Eastern Australian gas prices are HIGH



Nangwarry-1 Exploration Well



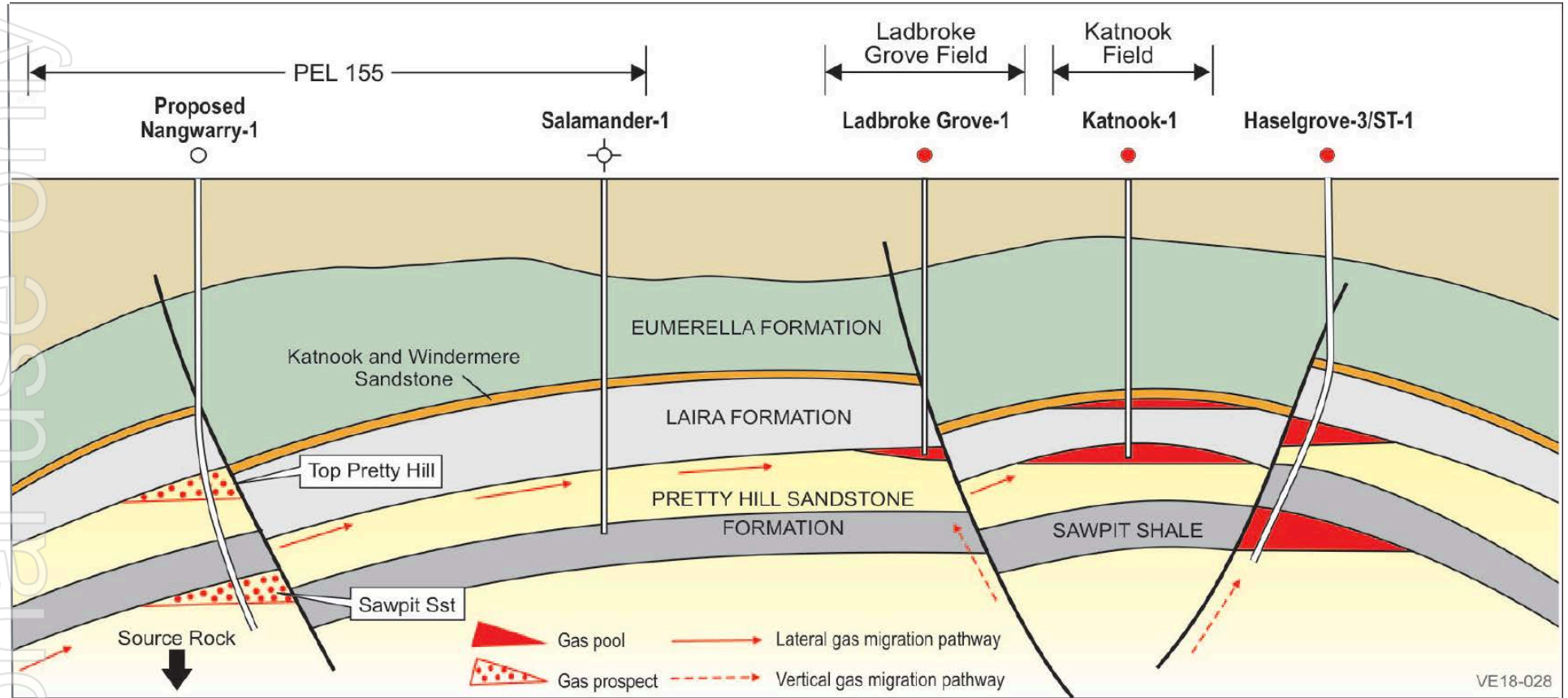
Easternwell Rig 106, on-site



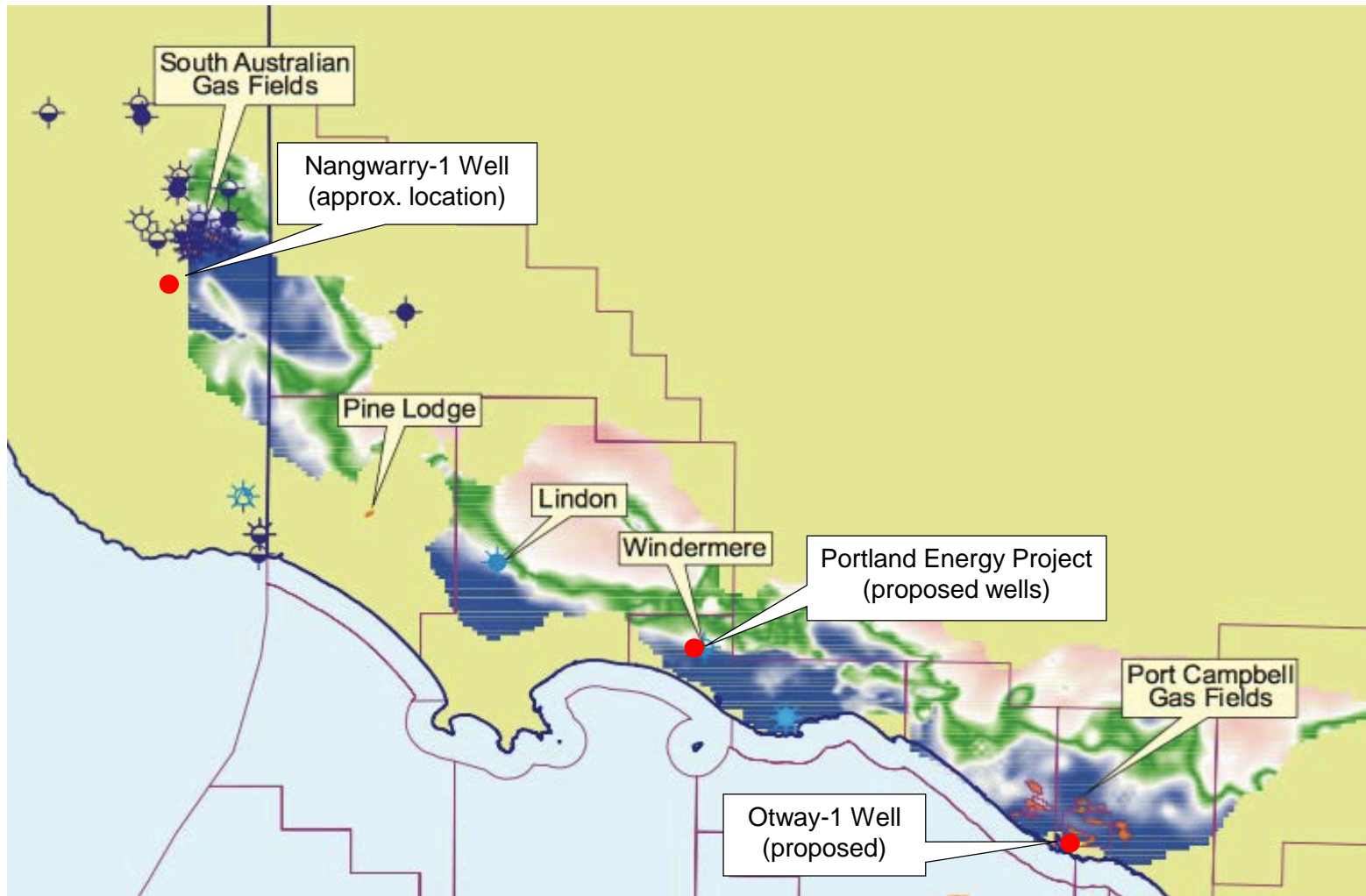
Time v's Depth (19 Dec.)



Nangwarry Prospect



Nangwarry – Broader Otway Significance



Astral-1 petroleum system, published by Geoscience Victoria, with areas of peak hydrocarbon generation shaded green.



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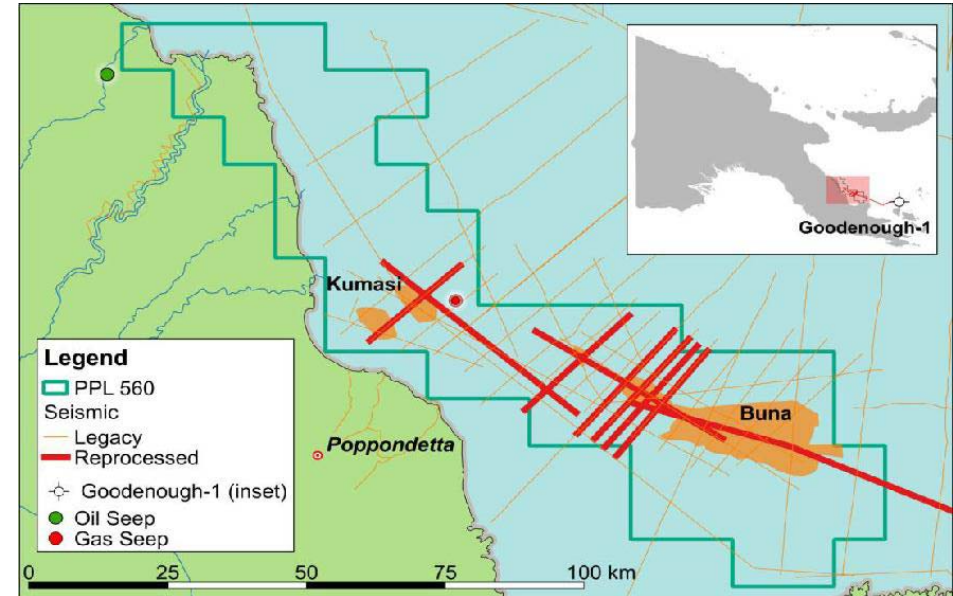
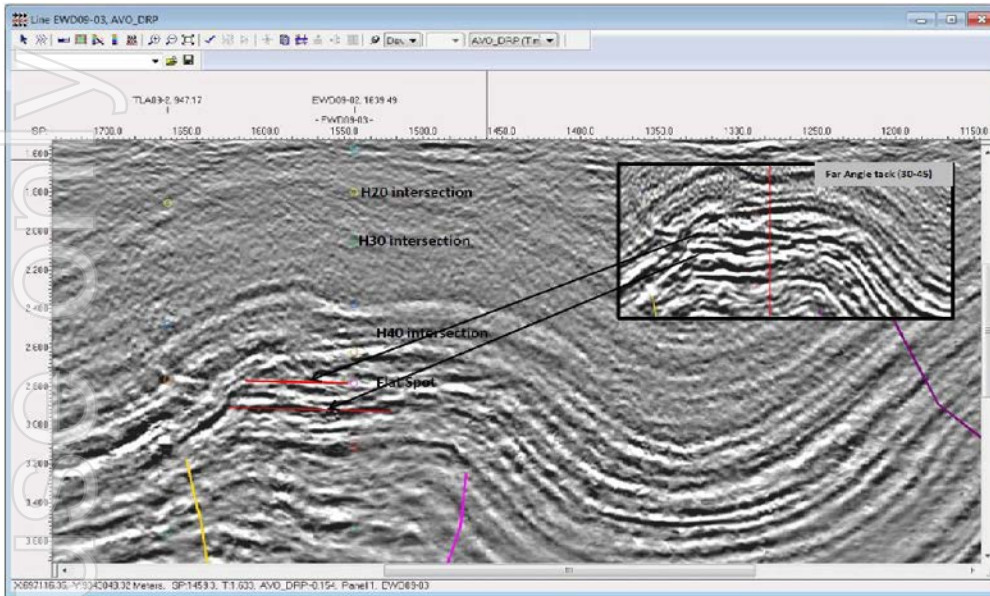
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 - PNG tenure confirmed and extension of term pending.

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Papua New Guinea



- Immediate focus is PPL 560 – Buna Prospect, 3.3 Tcf (P50 recoverable resource)⁵
- AVO flat spots on seismic are reliable hydrocarbon indicators
- Value-realising opportunities (eg farm-out or partnering) being investigated



Highlights

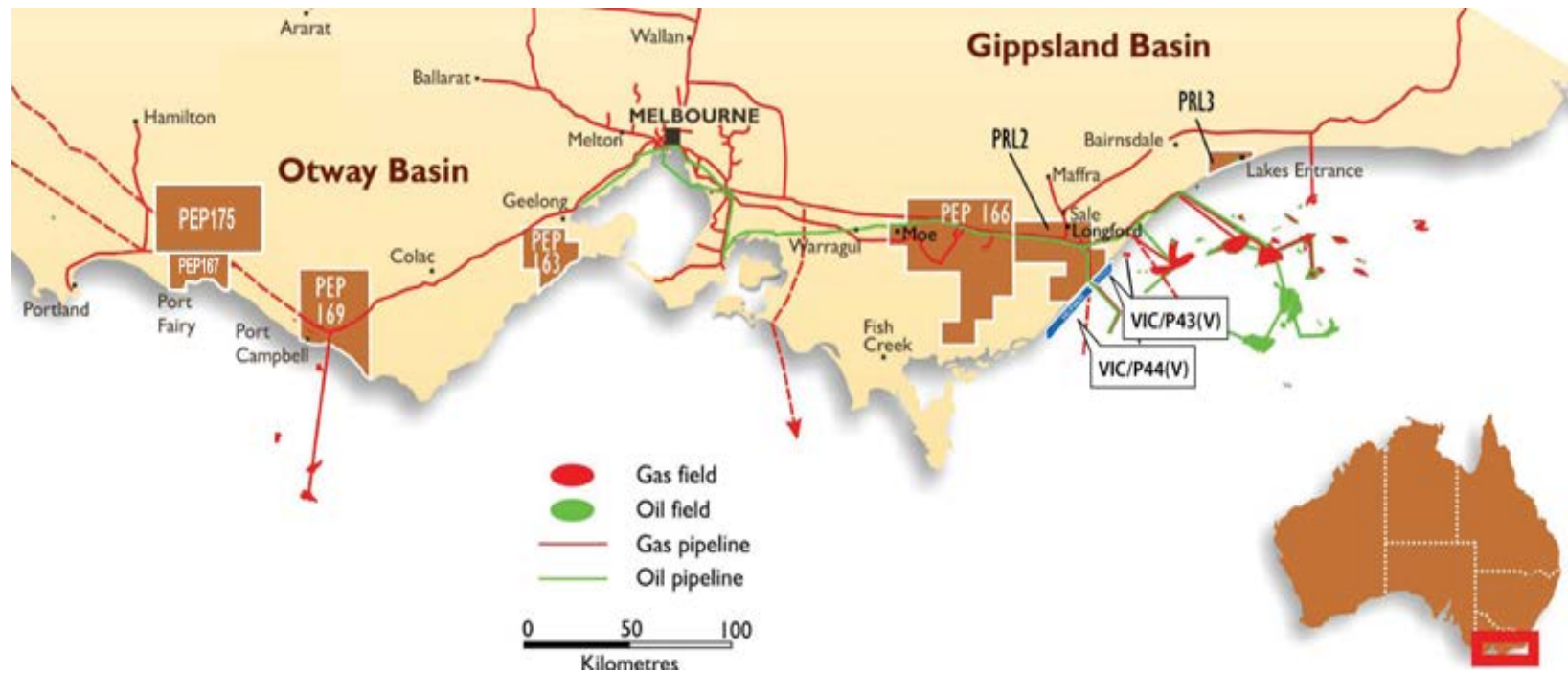
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 - Victorian Moratorium to end mid-2020. Multiple prospects exploration ready.



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Victoria

- Victorian Onshore Exploration moratorium ends mid 2020
- Lakes Oil is the major onshore Victorian exploration company
- Prospects awaiting drilling



Wombat Gas Field – Gippsland Basin

- Significant gas resource already demonstrated.
- Wombat-5 well is ready for drilling.
 - Lateral well targeting conventional potential of Strzelecki Formation.
 - 10 TJ/day gas flow rate independently predicted²
 - Government approval sought prior to ban
 - Well can be brought on line quickly
- East Coast gas market short of supply and prices high.
- Wombat development to be followed by Trifon-Gangell ramp-up to deliver 20 PJ/a for 20 years.



Flow test Wombat-1 Gas Well



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Otway-1 Gas Well – Otway Basin

- Conventional well ready to be drilled
- Well targets Waarre Sandstone and Eumeralla Formation
- Waarre Sandstone is basis for adjacent, historic gas production
- Eumeralla Formation is known to contain and has flowed gas
- Drilling approval was sought prior to Government moratorium
- 400 metres from existing facilities - can be brought on line quickly



Portland Energy Project – Otway Basin

- Massive potential – scale comparable to the Bass Strait.
- All historic wells intersecting Eumeralla Formation showed gas.
- Focus area identified for conventional pursuit.
- Sites selected for 2 proof of concept wells.
- Potential for large scale electricity generation to back-up renewables and save Portland Smelter



Victorian Potential*

| Prospect | Independently Estimated Potential | |
|-------------------------------------|-----------------------------------|---------------|
| | Annual | Total |
| Wombat (PRL 2) ² | 20 Bcf | 329 Bcf (2C) |
| Trifon-Gangell (PRL 2) ² | | 390 Bcf (2C) |
| PEP 175 Focus Area ³ | ~150 Bcf | >11 Tcf (P50) |
| Otway-1 (PEP 169) in-house estimate | 3-5 Bcf TBD | TBD |

PRL 2 potential alone is 5 to 10% of Victorian gas demand.



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- Controlled Placement Facility established.



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- Controlled Placement Facility established.
- Capital Raising underway to fund drilling activity and working capital.



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Capital Raising

| | |
|--------------------------------|--|
| Offer Structure and Size | A tranching placement of up to A\$6.03m by the issue of up to 6,700,000,000 Unlisted Convertible Notes* to sophisticated and professional investors |
| Issue Price/ Face Value | \$0.0009 per Note |
| Maturity | Redeemable on 31 December 2021 |
| Coupon | 15% pa (payable 6 monthly in arrears, may be settled by the issue of further notes at the Company's election) |
| Conversion | Converts into one ordinary shares at the holder's election |
| Security | Secured over the assets of the Company |
| Uses of funds | The proceeds of the Offer will be used for: <ul style="list-style-type: none"> • Drilling of Nangwarry-1 well • General working capital and costs of the Offer. |
| Capital Structure Post Raising | 33.73 billion Ordinary Shares (ASX:LKO) up to 6.7 billion Unlisted Convertible Notes 0.6 billion performance rights (subject to performance hurdles to Jan 2022) 0.03 billion unlisted options exercisable at \$0.005 before Jan 2021 |
| Advisors | Bizzell Capital Partners Pty Ltd |

*The general terms of the convertible notes are consistent with the terms of unlisted notes issued by other ASX listed companies. The full terms of issue are available on request.



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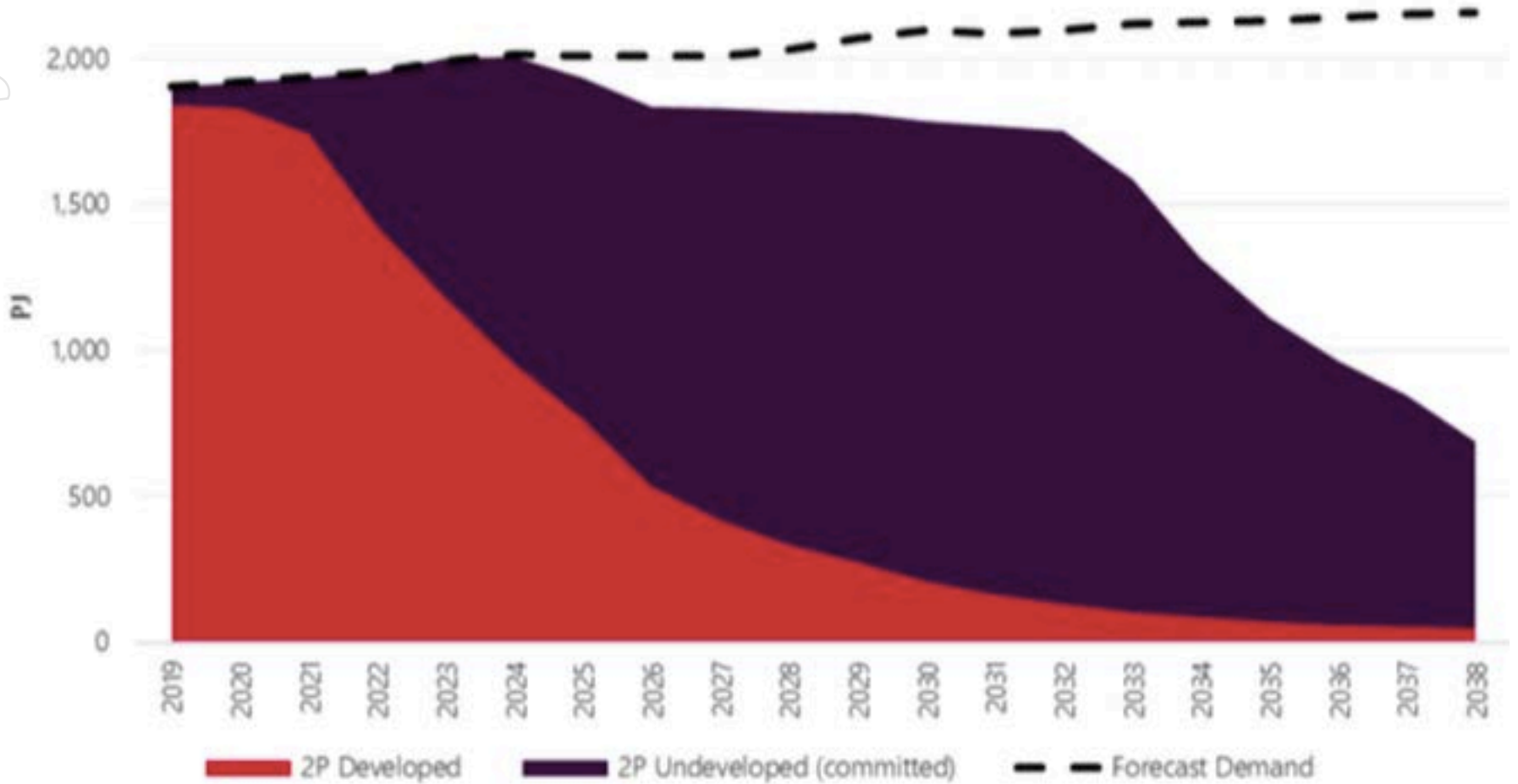


Reference Information

Eastern Australian Gas Market



East Coast Australia Gas Supply and Demand

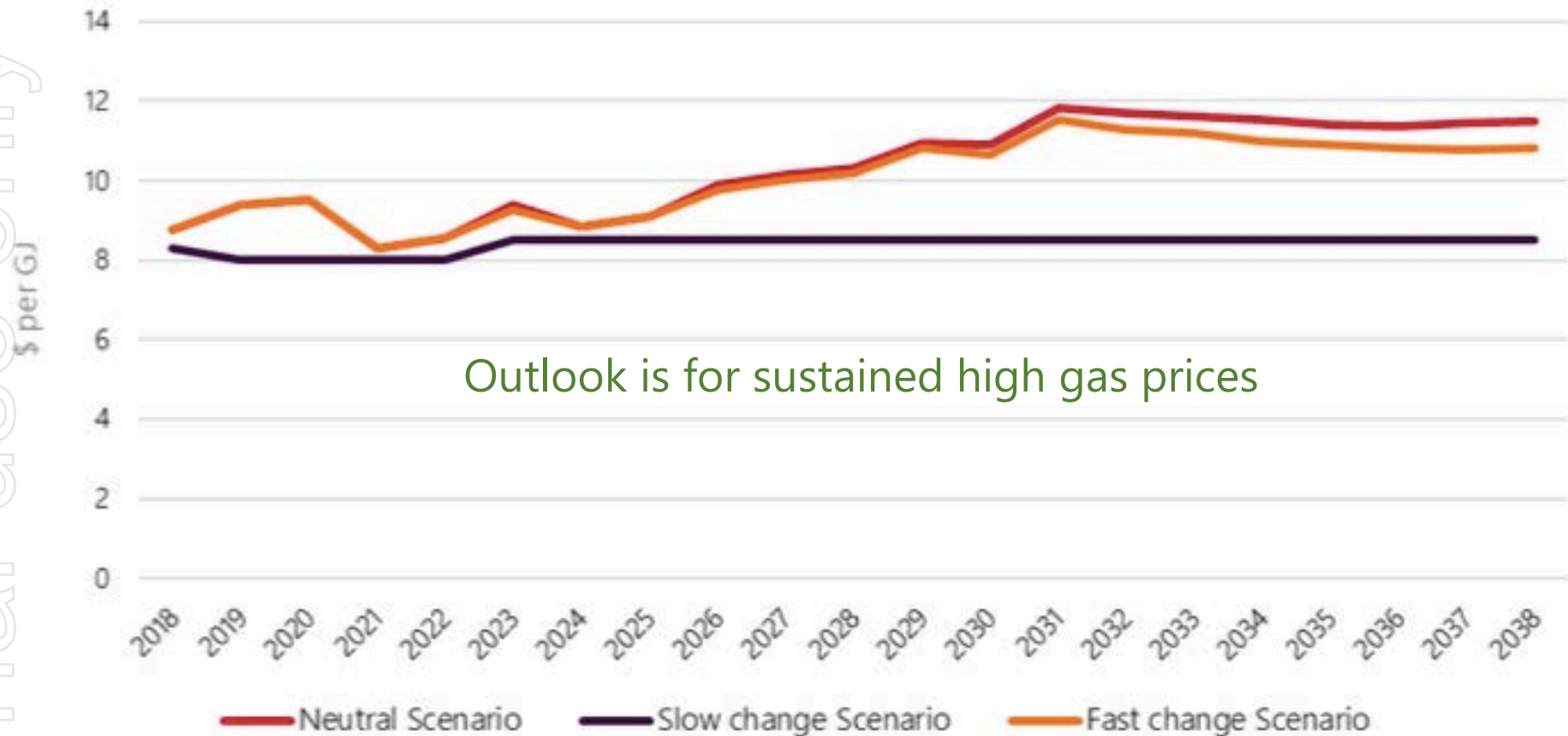


Source: Gas Statement of Opportunities, Australian Energy Market Operator, 2019



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East Coast Australia Gas Pricing



Source: Gas Statement of Opportunities, Australian Energy Market Operator, 2019



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*Sources of Information

All estimates have been prepared in accordance with the Petroleum Resources Management System ('PRMS') established by the Society of Petroleum Engineers ('SPE'), 2007, and Guidelines for Application of the PRMS (SPE, 2011). All estimates are reported in accordance with the guidelines and the definitions of reserves, prospective resources and contingent resources set out in the PRMS and approved by the Board of the SPE in 2007.

Specific sources of information are as follow:

1. Nangwarry Prospect
 - RISC Advisory Pty Ltd - Nangwarry Prospect Prospective Resource Assessment.
2. Wombat and Trifon-Gangell
 - Wombat-5 flow rate: SPC (Stimulation Petrophysics Consulting, LLC), "Production Forecast for the Proposed Lakes Oil Wombat 5", September 2013.
 - Resource potential: Gafney, Cline and Associates, as reproduced on pages 24-25 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016.
3. PEP 175 Focus Area
 - SRK Consulting (Australasia) Pty Ltd, as reproduced on page 29 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, December 2016.
4. ATP 1183, Queensland
 - Other than Major East Lead: page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, December 2016.
 - Major East Lead: Mr Peter Bubendorfer, an AAPG member qualified in accordance with the requirements of ASX Listing Rule 5.42, and who has consented to the use of the estimate in the form and context in which it appears. The estimate was finalised on 3 February 2015 and was published on the ASX Announcements Platform by Navaho Gold Limited, then owner of Navgas Pty Ltd.
5. PPL 560, PNG, Buna Prospect
 - Rawson Oil & Gas Limited. Modified from Fekete Associates 2010 report in accordance with SPE-PRMS guidelines.



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