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Lakes Oil N.L.

**ASX
Announcement
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Quarterly Activities Report

For the three months ended
31 December 2019



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Lakes Oil NL is a no-liability company incorporated in Australia. Unless otherwise stated references to 'Lakes Oil' or "the company" or "the Group" refer to Lakes Oil NL and its controlled entities as a whole. Lakes Oil operates a web site which Directors encourage you to access for the most recent company information.

CORPORATE ACTIVITIES:

Suspension of Trading

- Trading in the Company's securities remains suspended, following late lodgement of the Company's 2019 Annual Report.
- Following establishment of a \$6 million funding arrangement (details of which are set out below) the Company sought approval of the Australian Stock Exchange (ASX) for resumption of trading of the Company's shares. Unfortunately the ASX declined to allow a resumption of trading. The refusal to allow recommencement of trading presents challenges for the Company as the funding arrangement, in particular underwriting of the amount to be raised, is itself contingent upon the suspension of trading being lifted.
- The Company continues its pursuit of initiatives aimed to demonstrate that non-discretionary costs can be met for a period of 12 months to satisfy the Company's auditors and, in turn, to allow trading of shares to resume.

Capital Raising

- On 12 December 2019 the Company announced that it had entered into a Convertible Note placement arrangement to raise up to \$6.03 million (before costs). Proceeds from the placement will be used to fund costs of drilling the Nangwarry-1 well and to meet working capital requirements.
- Key features of the Convertible Note placement arrangement and principal terms of the Notes are:
 - Up to 6,700,000,000 Convertible Notes (Notes) are to be placed with sophisticated investors, professional investors (under the Corporations Act) and other investors who are exempt from disclosure requirements (subject to any necessary regulatory approvals). The Notes will not be listed on the ASX.
 - The Notes will be issued in tranches to meet cash requirements whilst minimising interest costs.
 - The Notes will have an issue price and face value of 0.09 cents per Convertible Note.
 - Interest will be paid half yearly in arrears at a rate of 15% per annum. Interest may be paid at Lakes Oil's election by the issue of further Notes.
 - The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
 - Notes are convertible at any time at the election of the Noteholder into one ordinary share in Lakes Oil subject to usual adjustment mechanisms in certain circumstances.
 - Notes will be secured by a first ranking charge over Lakes Oil's assets.
- The Company retained Bizzell Capital Partners Pty Ltd (BCP) as the lead manager for the Convertible Note issue and it is intended for the balance of the Notes issue to be fully underwritten by BCP. BCP will receive a fee of 6% of capital raised. Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather, will provide \$3 million in sub-underwriting once the \$6.03m is fully underwritten and will receive fees from BCP in this regard. The issue of Notes to Samuel Holdings Pty Ltd and any other director related entity participating in the Note issue will be subject to receipt of necessary shareholder approvals.
- Two tranches of Convertible Notes have already been issued, as follows:
 - A first tranche of 666,666,668 notes was issued on 12 December 2019, raising \$600,000.
 - A second tranche of 1,044,444,445 notes was issued on 27 December 2019, raising \$940,000.

- Further tranches of Convertible Notes will be issued as necessary.
- On 31 October 2019 the Company also entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA will provide Lakes Oil with up to \$10 million of standby equity capital for the period to 31 January 2022.
- Important features of the CPA include:
 - There are no requirements upon Lakes Oil to utilise the CPA and Lakes Oil retains full flexibility to raise additional capital at any time through other methods or arrangements.
 - If Lakes Oil chooses to utilise the CPA it retains full control of all aspects of the share placement process, having sole discretion as to if and when the CPA is utilised, the quantum of shares issued, the minimum issue price of shares and the timing of any placement.
 - Lakes Oil may terminate the CPA at any time, without cost or penalty.
- As collateral for the CPA, Lakes Oil has agreed to place 1,700,000,000 shares with Acuity Capital for nil consideration. The placement has not yet been made. When the CPA expires, or if it is cancelled by Lakes Oil, the collateral shares will, subject to shareholder approval, be returned to Lakes Oil for nil consideration.

Takeover of Rawson Oil & Gas Limited

- The Company has determined that costs associated with compulsory acquisition of the small number of Rawson shares that remain outstanding are not justified. Costs would include an independent expert's report incorporating a detailed geological review.
- Lakes Oil has continued to advance funds to Rawson Oil & Gas Limited as necessary for activities in South Australia, especially drilling of the Nangewarry-1 exploration well, and PNG.

Victorian Onshore Exploration Ban

- The Victorian Government's ban on all onshore petroleum exploration activity remains in place. The legislative ban is scheduled to expire in mid-2020, following which conventional exploration activity should again be allowed to proceed.
- On 7 August 2018 the Company applied for approval to carry out inspection activities on live gas wells in Gippsland, as a routine measure to monitor and ensure the integrity of the wells and associated facilities. On 18 July 2019, over 11 months after the application was made, the Executive Director, Earth Resources Regulation (in his role as Minister's delegate under the Petroleum Act 1998) advised that he intends to refuse permission to undertake the inspection activities.
- On 15 August 2019 the Company responded in detail to the Executive Director. The Company has formally advised that it will hold the Executive Director liable for any and all consequences arising from any otherwise unavoidable incident that might occur should approval to undertake inspection activities be refused.
- On 29 August, more than one year after the Company's initial application, the Executive Director advised that the Department will engage an independent expert to assist it with review of the Company's proposed activities. The Executive Director's further response is still awaited.
- The Company is encouraged by the Australian Government's promotion of the need for southeastern Australia's onshore gas resources to be utilised to support industry and to assist with the Country's transition to renewable energy. On 31 January 2020 the Australian Government announced a \$2 billion arrangement with the NSW Government aimed specifically at bring 70 PJ per annum of NSW gas to market.

Victorian Legal Proceedings

- A decision in the Company's Appeal of the Judgement of his Honour Justice Macaulay was handed down by the Court of Appeal of the Supreme Court of Victoria on 17 December 2019.
- The Court of Appeal did not accept the Company's argument that section 17A(2) of the Victorian Petroleum Act 1998 operates to exclude from the present Victorian onshore exploration moratorium those activities that the Company is required by the conditions of its permits to carry out. Costs are yet to be quantified and have been awarded in favour of the Victorian Government.
- While the outcome of the Appeal is disappointing, given the time taken for the original proceedings and the Appeal to be completed, it is ultimately of little if any material consequence as the expiry of the conventional exploration moratorium is now less than six months away.

Purported Licence Expiry

- In April 2019 the Department wrote to the Company expressing the view that Petroleum Retention Licence (PRL) 3 had 'expired'. This was despite the facts that:
 - previous Suspension and Extension (S&E) Applications had been approved, extending the term of the Licence in consideration of the Company being prevented from carrying out work;
 - a further S&E Application, submitted and paid for on 22 February 2019, being outstanding; and
 - annual Licence fees having already been paid by the Company.
- On 14 May 2019 the Company responded to the Department with a detailed chronology of events relating to PRL 3, showing clearly that all applications had been lodged and fees paid in strict accordance with Licence terms, and pointing out that there have been chronic and systemic delays in the Department's processing of applications.
- On 16 October 2019 the Executive Director wrote to the Company reaffirming his view that the permit had expired and that they would not process the S&E Application despite it being lodged and paid for in time. No monies have been refunded for the ignored application.
- The Company is concerned that the Department's actions are vexatious and unjust, and has reserved its position while the other matters, including the outcome of the Appeal as set out above, are considered.

GeoVic Reporting of Well Status

- On two occasions, on or around 27 April 2018 and 8 May 2018, the Victorian Department of Economic Development, Jobs, Transport and Resources (the Department) made changes to its online Earth Resources – GeoVic mapping facility. Specifically, without consulting or advising the Company, the Department changed the published status of the Company's Wombat and Trifon gas wells to either "other" or "plugged and abandoned".
- The actual status of the wells is unchanged from what has been historically reported, that is:
 - Wombat-1: gas well with minor oil shows, cased and perforated, shut-in pending further work.
 - Wombat-2: gas well, cased and perforated, shut-in pending further work.
 - Wombat-3: gas well with minor oil shows, cased and perforated, shut-in pending further work.
 - Wombat-4: gas well with minor oil shows, cased and suspended, shut-in pending further work.
 - Trifon-2: gas well, cased and perforated, shut-in pending further work.
- The Company has also noted that the status of its Petroleum Retention Licence (PRL) 3 was changed to 'expired' on the GeoVic website. This is despite Suspensions and Extensions

(S&E) extending the licence term to 2020, in Lakes' view, having already been granted. There is also a further 12 month S&E application pending, and as described above is yet to be dealt with by the Department..

- The Company continues to seek clarification from the Department regarding these inaccuracies on the GeoVic website, has made a detailed submission regarding the status of PRL3, and has offered to assist the Department with gaining an understanding of technical aspects of the petroleum industry and reporting conventions. The Department has not responded to the Company's offers and refuses to meet to resolve matters.

Research and Development Claim

- All preparatory work has been completed for the Company's appeal to the Administrative Appeals Tribunal for a review of Innovation Science Australia's rejection of the Company's 2013/14 Research and Development tax incentive claim. The review has been scheduled to be heard in late May.
- The Australian Taxation Office (ATO) has alleged that the Company did not take reasonable care when claiming the Research and Development tax incentive and has indicated an intention to apply a 25% penalty (\$255,285) on the amount of the tax incentive that was rejected by Innovation Science Australia.
- The Company has agreed to pay \$20,000 per month to the ATO pending the outcome of the Administrative Appeals process.

Corporate Matters

- The Company's 2019 Annual Report was lodged on 23 October 2019, and the 2019 Annual General Meeting of Shareholders held on 19 December 2019.
- On 21 November 2019 Mr Chris Tonkin, Mr Kyle Wightman and Professor Ian Plimer resigned from their roles as Non-Executive Directors of the Company and Mr Roland Sleeman was appointed as an Executive Director of the Company. Mr Richard Ash subsequently assumed the role of Chairman of the Board.

EXPLORATION ACTIVITIES:

South Australia

PEL 155 Nangwarry Prospect (Lakes Oil: 50% interest)
PEL 154 (Lakes Oil: 100% interest)

- Drilling activity for the Nangarry-1 exploration well commenced on 1 December 2019, with actual spudding taking place early on 2 December 2019. Drilling operations were completed and the drilling rig released on 21 January 2020. The well has been cased and suspended pending future testing and potential development. A programme for flow-testing of the well is being formulated.
- Analysis of gas samples from the well indicates that it has a very high (circa 90% or greater) carbon dioxide content with minimal impurities.
- While the high carbon dioxide content was not the expected pre-drill outcome of the Nangarry-1 drilling programme, the Company is investigating potential options for development of the well. Commercial quantities of carbon dioxide were historically produced from the Caroline-1 well, which was drilled in 1967 and produced carbon dioxide until 2017. Since closure of operations at Caroline carbon dioxide, which is essential for fire-fighting, medical, food and industrial applications, has been in tight supply on the Australian eastern seaboard.

Onshore Victoria

PEPs 163, 167 and 175, Otway Basin (Lakes Oil: Operator, 100% interest)

PEP 169, Otway Basin (Lakes Oil: 49% interest)

PRL 2, Gippsland Basin (Lakes Oil: Operator, varying interest across permit - subject to reserved rights)

PRL 3, Gippsland Basin (Lakes Oil: Operator, 100% interest)

PEP 166, Gippsland Basin (Lakes Oil: Operator; 75% interest)

- In view of the Victorian Government's onshore exploration ban there was no new exploration activity within Victoria during the current Quarter.
- Information regarding the Company's proposed future Victorian exploration drilling activity is set out below:
 - Portland Energy Project (Petroleum Exploration Permit 175)

The proposed Greenslopes-2 and Portland Energy-1 gas wells are proof-of-concept wells, designed to confirm the conventional gas production potential of the Eumeralla Formation and the underlying Crayfish Subgroup within a 'Focus Area' on the southwestern corner of Petroleum Exploration Permit 175, as depicted in Figure 2.

To date, 14 wells have been historically drilled without incident in the Focus Area region and, without exception, the Eumeralla Formation was shown to contain gas. Historically, this gas was of no interest since the search at the time was for oil. There was no market for gas, nor was there infrastructure through which it could be delivered.

An indication of the significant potential of the Focus Area can be gleaned from work undertaken by SRK Consulting on behalf of Lakes Oil. In May 2015 SRK used available information (essentially historic well logs and seismic data) to estimate the recoverable resources of gas within the Focus Area. SRK concluded (at a 50% confidence level) that there may be 8.3 Tcf of gas recoverable from the Eumeralla Formation and 3.2 Tcf recoverable from deeper Formations. *(Source of estimate: 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, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)*

Figure 2: Location of Focus Area Within PEP 175



- Otway-1 Gas Well (Petroleum Exploration Permit 169)

The Otway-1 gas well is a conventional, vertical well targeting both the Waarre Sandstone and the Eumeralla Formation. The well will be located about 400 metres from the existing Iona gas storage field and associated facilities, as shown in Figure 3. The well was first proposed in 2013, at which time all regulatory and access requirements were fully satisfied (as advised in writing by the Victorian Department of Economic Development, Jobs, Transport and Resources).

The Waarre Sandstone is very productive, with gas flow rates up to 50 TJ/d having previously been achieved at other nearby locations. The Waarre Sandstone is the basis of historic gas production at the Iona gas field which is now utilised as a gas storage reservoir.

The Eumeralla Formation is known to contain gas and has previously, at the Skull Creek-1 well location (nearby to Otway-1), flowed gas at a rate of 7.5 TJ/d.

Figure 3: Location of Otway-1 Gas Well



- Wombat-5 Gas Well (Petroleum Retention Lease 2)

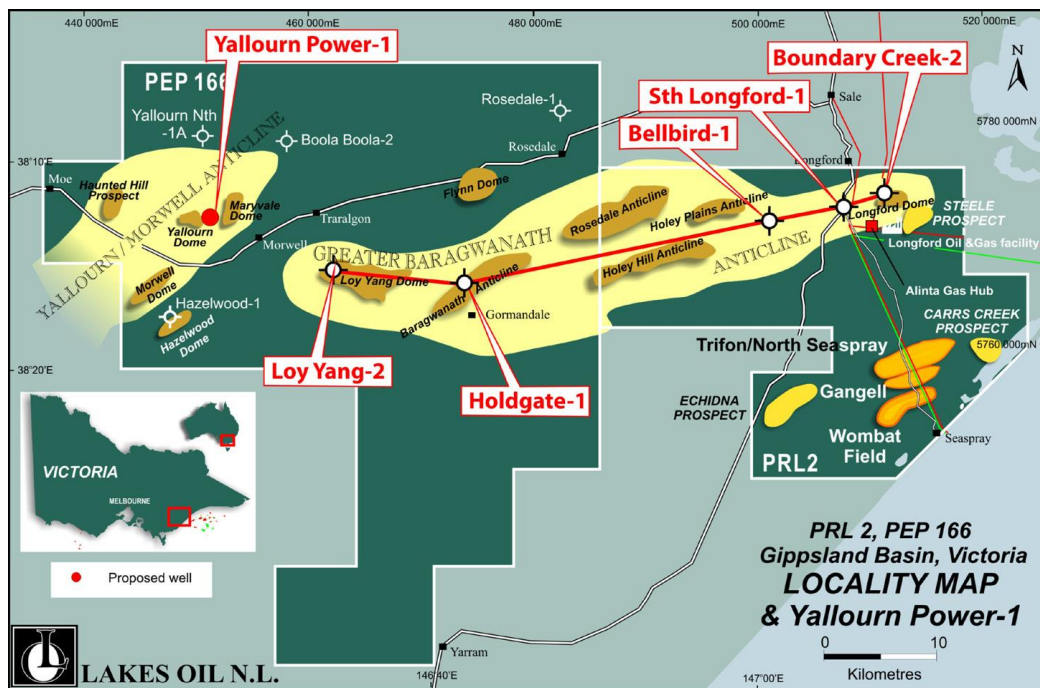
The Wombat-5 well is a conventional, lateral well that will target the upper, permeable section of the Strzelecki Formation. The well, which will cost around \$4.5m, has an independently estimated gas production potential of around 10 TJ/d. The well was first proposed in 2012, at which time all regulatory and access requirements were fully satisfied (as advised in writing by the Victorian Department of Economic Development, Jobs, Transport and Resources).

The independently estimated contingent recoverable gas resource of the Wombat and adjoining Trifon-Gangell gas fields is 329 PJ and 390 PJ, respectively, at the 50% probability level. (Source of estimate: 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. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal

and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

The Company envisages an integrated approach to development of the Wombat and Trifon-Gangell gas fields. Sales gas production would initially be from the Wombat gas field with the Trifon-Gangell gas field developed to support steady gas sales over a 20-year period. On this basis the estimated conventional sales gas potential of the fields is at least 20 PJ/a.

Figure 4: Location of Wombat and Trifon-Gangell Gas Fields



Near-shore Victoria (Gippsland Basin)

VIC/P43(V) and VIC/P44(V) (Lakes Oil: Operator, 100% interest)

- For cost efficiency reasons it is desirable that work within these permit areas be coordinated with onshore activity.
- In view of the Victorian Government's onshore exploration ban there was no new exploration activity within Victoria during the current Quarter.

Queensland, Eromanga Basin

ATPs 642P and 662P (Lakes Oil: Operator, 100% interest)

- Lakes Oil is seeking a joint venture partner for pursuit of its western Queensland opportunities.

Queensland, Roma Shelf Project

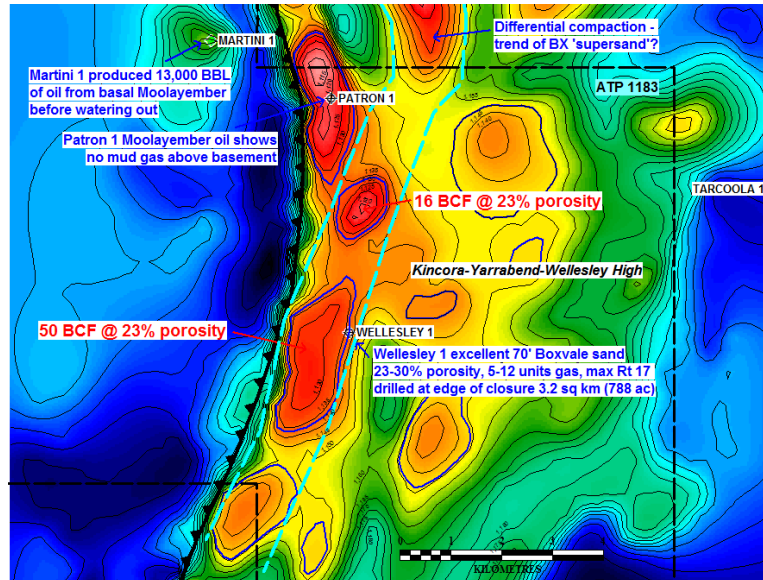
ATP 1183 (Lakes Oil: Operator, 100% interest)

- ATP 1183 is highly prospective for oil, gas and condensate discoveries, and is within close proximity of established production facilities and infrastructure. The tenement area itself surrounds the Riverslea Oil Field and Major Gas/Condensate Field.
- Since acquiring ATP 1183 the Company has undertaken extensive review of exploration prospects within the permit area. A number of compelling opportunities have been assessed in detail and the Company is now progressing planning and approvals for an exploration well drilling campaign. Given the proximity of ATP 1183 to existing oil and gas production infrastructure, any discoveries within the permit area can be brought online quickly to provide cashflow to support ongoing Company operations.

- The key exploration prospects that the Company proposes to drill are:
 - Wellesley Dome

The Wellesley Dome is a fault bound, three way dip closure approximately 4.4km² in area, lying on the Kincora-Yarrabend-Wellesley High to the south of the productive Kincora Gas Field.

Figure 5: Wellesley Dome



A well (Wellesley-1) drilled by BHP in 1979 intersected in excess of 20 metres of thick clean Boxvale Sand. Although the well had fair gas shows and good porosity (average 28%) it was at the time not considered to be of commercial interest. Apart from the Wellesley-1 well, the extensive Wellesley Dome prospect is underexplored. With modern production techniques and at prevailing gas prices, the Company considers the Wellesley Dome to be a compelling exploration opportunity.

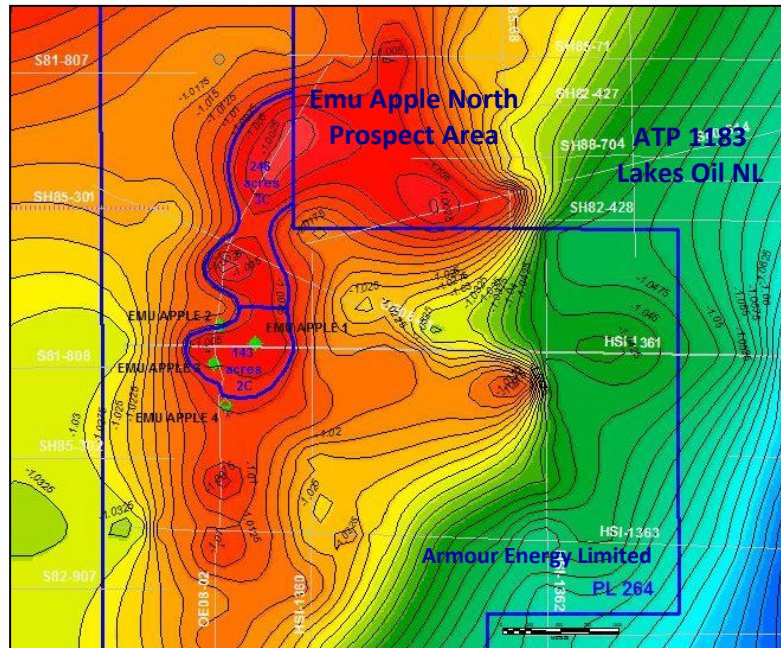
The Company proposes to drill an exploration well approximately 880 metres southwest of Wellesley-1 to a depth of around 1,650 metres, with preparatory work (notably, development of land access arrangements) presently under way.

The Wellesley Dome has a prospective gas resource of 41 BCF (*This is a best estimate prepared on a deterministic basis. It is sourced from page 17 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. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*)

- Emu Apple North

The Emu Apple North prospect comprises the northern extension of the Emu Apple oilfield, an oilfield recently brought back into commercial production by Armour Energy Limited.

Figure 6: Emu Apple North Prospect



The prospect is a broad, low relief, anticlinal structure separated by a small saddle from the main Emu Apple Field. The entire Emu Apple area has been charged with hydrocarbons from Permian source rocks to the southeast.

The Hutton Sandstone and Boxvale Sands, both of which are productive in the Emu Apple-3 well, are the main reservoir targets. The reservoir units will be intersected at shallow depths, between approximately 1350 and 1430 metres, which means drilling the Emu Apple North prospect will be low cost. The Company's proposed well location is readily accessible by existing road infrastructure and is close to Armour's Emu Apple production facilities (meaning any discovery can be quickly developed).

The Emu Apple North prospect covers an area of approximately 382 acres and is estimated to hold up to 3.4 million barrels of oil. *(This is a best estimate prepared on a deterministic basis. It is sourced from page 17 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. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)* Initial oil production rates from existing Emu Apple wells were around 100 barrels per day, with Armour Energy's Emu Apple-3 well currently producing around 40 barrels per day.

- In addition to the prospects outlined above, the Company has also identified the following exploration opportunities:

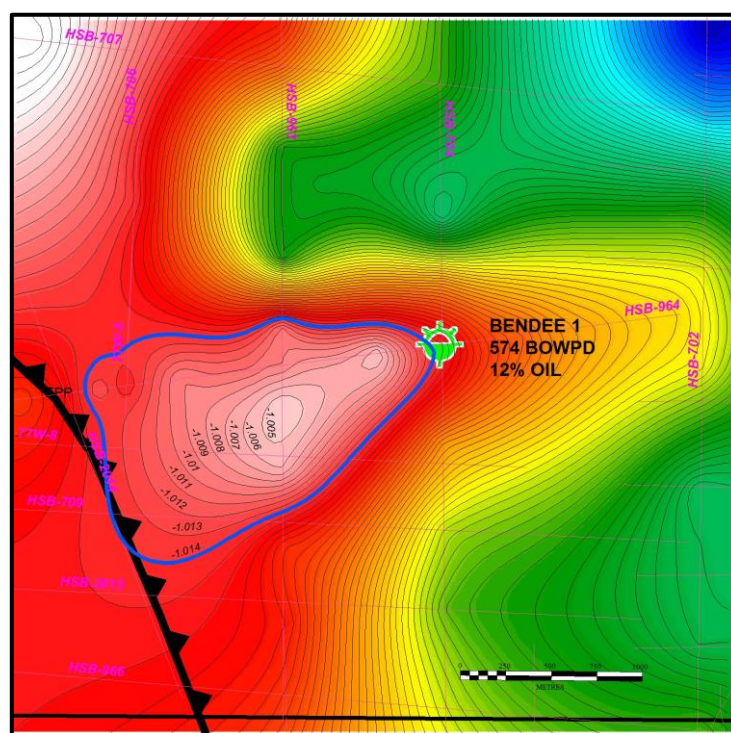
- Bendee Prospect

The Bendee Prospect is a four-way dip closure located just to the west of the producing Thomby Creek Oil Field. An historic (Bendee-1) well flowed oil and water to surface, demonstrating that the structure contains oil. However, using currently available data the

Company has identified that the Bendee-1 well was drilled on the edge of closure, at the level of oil-water contact. Considerable up-dip potential exists.

The Bendee Prospect covers an area of approximately 2 square kilometres and could contain approximately 1 million barrels of oil. *(This is a best estimate prepared on a deterministic basis. It is sourced from page 17 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. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)*

Figure 7: Bendee Prospect

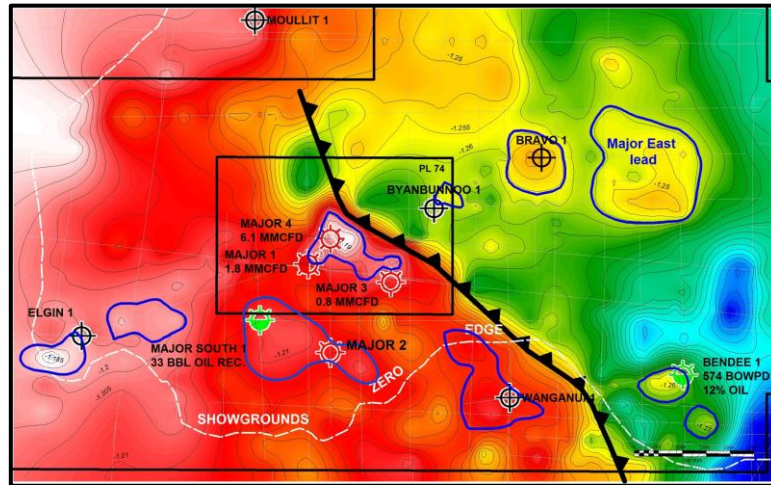


- Major East Lead

The Major East Lead is four way dip closure approximately 5km² in area, located to the east of the producing Major Gas Field.

The Major East Lead has a prospective gas resource of 13.8 BCF *(This is a best estimate, determined by Mr Peter Bubendorfer, Exploration Adviser to Navgas Pty Ltd, who is 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 in this report. The estimate was finalised on 3 February 2015 and was published on the ASX Announcements Platform by the Navgas Pty Ltd then owner Dark Horse Resources Limited (known at that time as Navaho Gold Limited). The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).*

Figure 8: Major East Lead

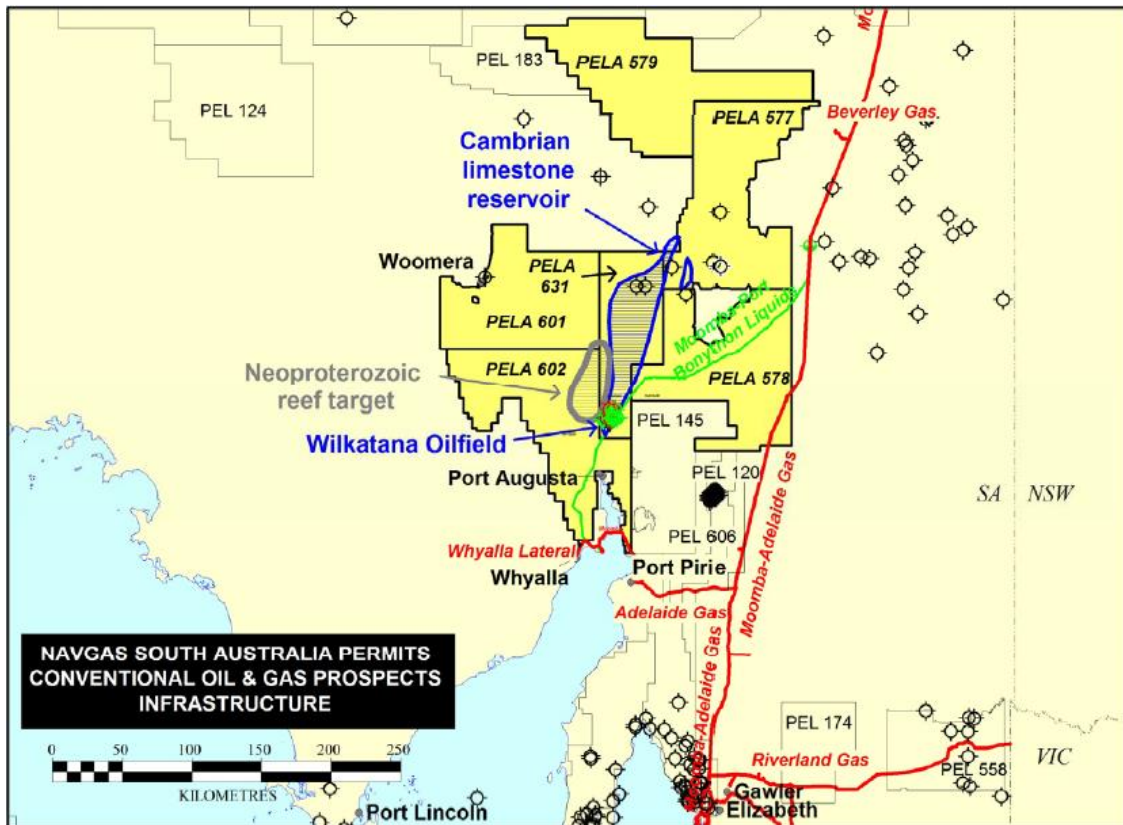


South Australia, Pirie Torrens Oil & Gas Project

PELAs (Lakes Oil: Operator, 100% interest)

- The Pirie Torrens Oil and Gas Project incorporates six Petroleum Exploration Licence Applications (PELAs) located in South Australia and covering approximately 53,000km² as outlined in Figure 9. Petroleum exploration activities in the general area first commenced in 1956, when Santos was established to drill for oil at Wilkatana. This work, and subsequent drilling by other companies, historically confirmed the presence of oil and gas across the area of interest.
- Lakes Oil proposes to review and reprocess historic data, including more recent seismic information gathered by Geoscience Australia, and to investigate potential for drilling of a stratigraphic core hole to further geological knowledge of the basin.
- Of particular near-term interest to the Company are:
 - the potential for oil production to the north of Wilkatana (in an area of closure, associated with the Torrens Hinge Zone, that can be identified on modern seismic data but which has not yet been drilled); and
 - the potential for production of gas from the Tindelpina Shale, which has been demonstrated to contain gas but has not been explored using modern techniques.

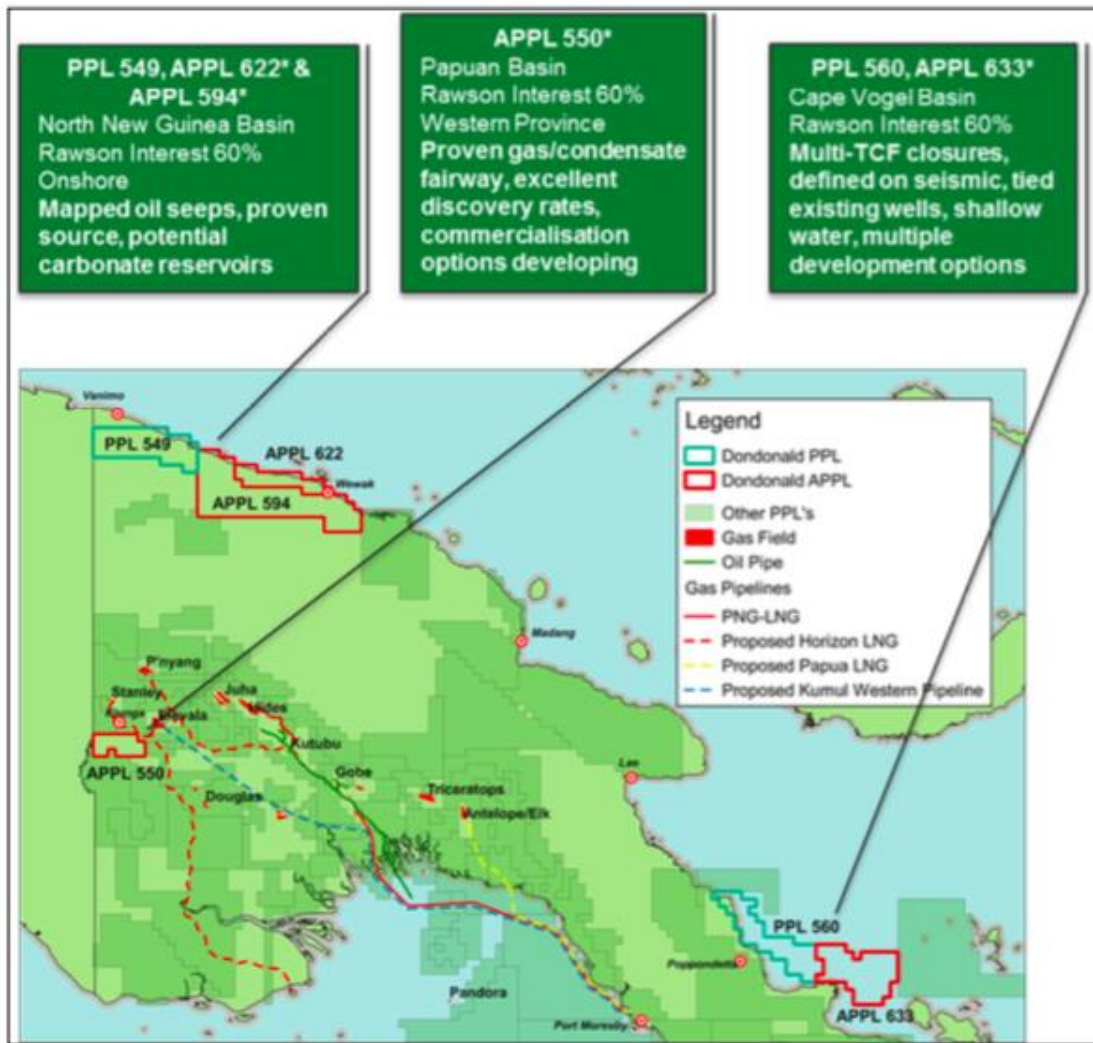
Figure 9: South Australian Licence Application Areas



Papua New Guinea

- The Company has control of a portfolio of highly prospective exploration acreage in Papua New Guinea. One key tenement is Petroleum Prospecting Licence (PPL) 560, which contains the multi-trillion cubic feet Buna prospect.
- The Company successfully had the previous Petroleum Minister's Notice of Cancellation of PPL 560 quashed by the PNG National Court of Justice confirming its rightful ownership of the permit and is currently seeking an extension to the permit term to recover the time lost due to the Minister's unlawful actions.
- The Company is working on plans for expedited exploration and development of the PNG tenements, especially the Buna prospect, and has recommenced discussions with potential farminees to help fund the drilling of the Buna Prospect.

Figure 10: PNG Interests



Eagle Prospect, Onshore California, USA

(Lakes Oil: 17.97% interest. Operator: Strata-X Inc.)

- The Eagle Prospect contains the Mary Bellochi-1 well, which was drilled in 1986 by Lakes and its joint venture partners, and flowed oil to surface for several weeks before withering out. Indications at the time were that failure of the well was the result of a mechanical problem, rather than oil ceasing to be present.
- The Company is seeking to dispose of its Eagle Prospect interest.

This announcement is authorised for release to the market by the Board of Directors of Lakes Oil NL.

For further details please contact:

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Lakes Oil NL Tenement holding summary

Below is a listing of the tenements held by Lakes Oil NL as at 31 December 2019:

Joint operation or Permit name	Location (basin name)	Interest owned %	Interest acquired/farmin during the quarter	Interest disposed/farmout during the quarter
PEP 163	Otway	100	-	-
PEP 167	Otway	100	-	-
PEP 169	Otway	49	-	-
PEP 175	Otway	100	-	-
PRL 2-Overall Permit	Gippsland	100	-	-
PRL 2 - Trifon Field	Gippsland	57.50	-	-
PRL 3	Gippsland	100	-	-
PEP 166	Gippsland	75	-	-
VIC/P43(V)	Gippsland	100	-	-
VIC/P44(V)	Gippsland	100	-	-
ATP 642P	Eromanga/Cooper E	100	-	-
ATP 662P	Eromanga/Cooper E	100	-	-
ATP 1183	Surat/Bowen	100	-	-
Eagle Prospect	California USA	17.97	-	-
PELA 577*	Pirie Torrens, SA	100	-	-
PELA 578*	Pirie Torrens, SA	100	-	-
PELA 579*	Pirie Torrens, SA	100	-	-
PELA 601*	Pirie Torrens, SA	100	-	-
PELA 602*	Pirie Torrens, SA	100	-	-
PELA 631*	Pirie Torrens, SA	100	-	-
EL 5694	Pirie Torrens, SA	100	-	-
PEL 154	Otway	100	-	-
PEL 155	Otway	50	-	-
PPL 549	PNG	100	-	-
PPL 560	PNG	100	-	-
APPL 550*	PNG	100	-	-
APPL594 *	PNG	100	-	-
APPL 622 *	PNG	100	-	-
APPL 633 *	PNG	100	-	-

*Tenements in application phase only, remain subject to government approvals.

Cautionary statement

The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LAKES OIL NL

ABN

62 004 247 214

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	6
1.2 Payments for		
(a) exploration & evaluation	(2,324)	(2,951)
(b) development	-	-
(c) production	-	-
(d) staff costs	(41)	(123)
(e) administration and corporate costs	(100)	(351)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,461)	(3,415)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		365
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Bank guarantee)	-	-
2.6	Net cash from / (used in) investing activities		365

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	1,540	1,540
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)*	515	515
3.10	Net cash from / (used in) financing activities	2,055	2,055

* Funds held for securities yet to be issued.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,880	2,469
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,461)	(3,415)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	365
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,055	2,055
4.5	Effect of movement in exchange rates on cash held	-	-
		-	-
4.6	Cash and cash equivalents at end of period	1,474	1,474

Mining exploration entity and oil and gas exploration entity quarterly report

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	57	182
5.2	Call deposits	71	71
5.3	Bank overdrafts	-	-
5.4	Other (restricted JV funds)*	1,346	1,627
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,474	1,880

*Included within the above is cash which represents 50% of the interest in the Joint Operation with Vintage Energy Limited. This amount is restricted to be used only in the Joint Operation and not available to be used for other uses within the Company.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	7
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to directors and director related entities during the December 2019 quarter.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Nil

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Nil

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	2,766
9.2	Development	-
9.3	Production	-
9.4	Staff costs	115
9.5	Administration and corporate costs	635
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows*	3,516

* The Company intends on utilising its Convertible Note facility amounting to up to \$6.03 million as announced on 12 December 2019 amongst other potential funding arrangements in order to fund its estimated work programs as outlined above.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 5 February 2020



Company Secretary

Print name:

MELANIE LEYDIN

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.