



21 August 2020

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Lakes Oil N.L. (Company) will be held virtually via a webinar conferencing facility at 2:00pm (AEST) on 22 September 2020 (“General Meeting”, “GM” or “Meeting”).

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No.1) 2020 made by the Commonwealth Treasurer on 5 May 2020, the Company will not be dispatching physical copies of the Notice of Meeting. Instead the Notice of Meeting and accompanying explanatory statement (Meeting Materials) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company’s website <https://lakesoil.net.au/> or at the Company’s share registry’s voting website www.investorvote.com.au/LKO2020GM.
- A complete copy of the Meeting Materials has been posted to the Company’s ASX Market announcements page at www.asx.com.au under the Company’s ASX code “LKO”.
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting materials and the voting instruction form.

If you would like to receive electronic communications from the Company in the future, please update your communication elections online at <https://www.computershare.com/au>. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online please contact our share registry Computershare on <https://www.computershare.com/au> or by phone on +61 (0)3 9415 4000 or 1300 850 505 (within Australia) between 8:30am and 7:00pm (AEST) Monday to Friday, to obtain a copy.

As a result of the potential health risks and the Governments restrictions in response to the COVID-19 pandemic, the Meeting will be held via a webinar conferencing facility. Details of how to register to attend the Meeting are contained in the Meeting Materials. The Company strongly recommends to Shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

Yours sincerely,

Richard Ash
Company Secretary
Lakes Oil N.L.

For personal use only



LAKES OIL NL
ACN 004 247 214

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
22nd day, September 2020

Time of Meeting:
2.00pm (AEST)

Due to the ongoing COVID-19 pandemic, the meeting will be held virtually via a webinar conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001 and the Corporations Regulations 2001 under the Corporations (Coronavirus Economic Response) Determination (no.1) 2020, no hard copy of the Notice of General Meeting and Explanatory Statement will be circulated. The Notice of Meeting has been given to those entitled to receive by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website (<https://lakesoil.net.au/>).

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

LAKES OIL NL

ACN 004 247 214

Registered office: Level 4, 100 Albert Road, South Melbourne, VIC 3205

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Lakes Oil NL (Company) will be held virtually via a webinar conferencing facility at 2:00pm (AEST) on 22 September 2020 (“General Meeting”, “GM” or “Meeting”).

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Company at the time of preparing the Notice of General Meeting (Notice), the Company intends to conduct a poll on the resolutions set out in the Notice using the proxies filed prior to the Meeting.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut off for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be delivered to you by email or post (depending on your communication preferences).

Shareholders attending the GM virtually will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also electronically cast their votes on the proposed resolution at the GM. Shareholders who intend to join the Meeting are asked to dial-in 30 minutes prior to the start of the meeting to allow the Company to take your details. The virtual meeting can be attended using the following details:

The live webcast can be attended using the following details:

When: 22 September 2020 at 2:00pm AEST
Topic: LKO General Meeting

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_s4CAabquT8OvLwZrX6NaxA

After registering, you will receive a confirmation email containing information about joining the meeting. The Company strongly recommends its Shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to lakes@lakesoil.com.au. Where a written question is raised in respect of the resolutions to be considered at the meeting or the key management personnel of the Company, the Company will address the relevant question during the course of the meeting or by written response after the Meeting (subject to the discretion of the Company it will not respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Any shareholders who wish to attend the GM online should therefore monitor the Company’s website and its ASX announcements for any updates about the GM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: LKO) and on its website at <https://lakesoil.net.au/>.

LAKES OIL NL

ACN 004 247 214

Registered office: Level 4, 100 Albert Road, South Melbourne, VIC 3205

AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

ORDINARY BUSINESS

Resolution 1: Ratification of prior issue of Convertible Notes

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholder approval is given for the Company to ratify the prior issue of 4,961,111,113 Unlisted Convertible Redeemable Notes issued on various dates as detailed in the Explanatory Statement, at an issue price of AU\$0.0009 (0.09 cents) per Note to Professional, Sophisticated and Other exempt investors and to issue of ordinary shares on conversion of the Convertible Notes, upon such terms and conditions as described in the Explanatory Statement.”

Resolution 2: Ratification of prior issue of Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholder approval is given for the Company to ratify the prior issue of 74,600,000 fully paid ordinary shares on 24 December 2019 at an issue price of AU\$0.001 (0.1 cent) to an employee of the Company in relation to a Loan Funded Share Offer upon such terms and conditions as described in the Explanatory Statement.

Resolution 3: Approval to Issue Convertible Notes

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rules 7.1 and 7.3 and for all other purposes, Shareholder approval is given for the Company to issue of up 5,038,888,887 Unlisted Convertible Redeemable Notes with a face value of AU\$0.0009 (0.09 cents) per Convertible Note to Professional and Sophisticated investors and Bizzell Capital Partners Pty Ltd, and to issue of ordinary shares on conversion of the Convertible Notes, on the terms and conditions as described in the Explanatory Statement.”

Resolution 4: Approval to Issue Convertible Notes

“That, for the purpose of Listing Rules 7.1 and 7.3 and for all other purposes, Shareholder approval is given for the Company to issue of up 267,363,366 Unlisted Convertible Redeemable Notes with a face value of AU\$0.0009 (0.09 cents) per Convertible Note to the holders of the Convertible Notes for settlement of interest payable as at 30 June 2020, on the terms and conditions as described in in the Explanatory Statement.”

Resolution 5: Approval on appointment of Auditor

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, subject to the consent of the Australian Securities and Investments Commission to the current auditor resigning, William Buck, having consented in writing and been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001, be appointed as auditor of the Company.”

Resolution 6: Approval to Issue Convertible Notes to Mr Roland Sleeman

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue Roland Sleeman (or his nominee), a Director of the Company, up to 206,804,710 Unlisted Convertible Redeemable Notes with a face value of AU\$0.0009 (0.09 cents) per Convertible Note in satisfaction of his outstanding

Director and CEO fees for services provided in the event Mr Sleeman elects to take Convertible Notes in lieu of a physical cash payments for fees and on the basis as set out in the accompanying Explanatory Statement.”

Resolution 7: Approval to Issue Fully Paid Ordinary Shares to Mr Roland Sleeman

To consider and, if thought fit, pass the following resolutions as **ordinary resolutions**:

“That, for the purpose of Listing Rule 10.11 and for all other purposes and subject to an ASX waiver being granted, Shareholder approval is given for the Company to issue Mr Roland Sleeman (or his nominee), a Director of the Company, up to 8,333,340 fully paid ordinary shares in satisfaction of Directors’ fees payable in the event Mr Sleeman elects to take fully paid ordinary shares in lieu of a physical cash payment for fees and on the basis as set out in the accompanying Explanatory Statement.”

Resolution 8: Approval to Issue Sub-Underwriter Convertible Notes to a Director

To consider and, if thought fit, pass the following resolutions as **ordinary resolutions**:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 3,333,333,334 Unlisted Convertible Redeemable Notes (and the issue of ordinary shares on conversion of the Notes) to Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Mr Nicholas Mather as a sub-underwriter of the Unlisted Convertible Redeemable Note issue as announced on 12 December 2019 on the basis as set out in the accompanying Explanatory Statement.”

By order of the Board



Richard Ash
Chairman & Company Secretary
17 August 2020

Notes

- 1. Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
- 2. Record Date:** The Company has determined that for the purposes of the General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the General Meeting. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

3. Proxies

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- Each shareholder has a right to appoint one or two proxies.
- A proxy need not be a shareholder of the Company.
- If a shareholder is a company, it must execute under its common seal or otherwise in accordance with its Constitution or the Corporations Act.
- Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- A proxy form must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
- To be effective, proxy forms must be received by the Company's share registry (Computershare Investor Services Pty Limited) no later than 48 hours before the commencement of the General Meeting, this is no later than 2.00pm (AEST) on 20th day of September 2020. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. How the Chairman will vote Undirected Proxies:

Subject to the restrictions set out in Note 6 below, the Chairman of the meeting will vote undirected proxies in favour of all the proposed resolutions.

6. Voting Exclusion Statement:

Resolutions 1 and 2

The Company will disregard any votes cast in favour on these Resolutions by any person who participated in the issue of securities and any associates of those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the *chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 3 and 4

The Company will disregard any votes cast in favour on these Resolutions by any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the *chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5

There are no voting exclusions on this Resolution.

Resolution 6, 7 and 8

The Company will disregard any votes cast in favour on these Resolutions by any person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the *chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Enquiries

Shareholders are invited to contact the Company Secretary on +61 3 9692 7222 if they have any queries in respect of the matters set out in these documents.

For personal use only

EXPLANATORY STATEMENT

Resolution 1: Ratification of prior issue of Convertible Notes

Background

The Company is seeking Shareholder approval to ratify the issue of a total of 4,961,111,113 Unlisted Convertible Redeemable Notes (**Notes**) in the Company, issued at \$0.0009 (0.09 cents) on various dates as detailed below:

- 666,666,668 Notes issued on 10 December 2019;
- 1,044,444,445 Notes issued on 24 December 2019;
- 866,666,666 Notes issued on 2 March 2020;
- 1,843,333,334 Notes issued on 18 March 2020; and
- 540,000,000 Notes issued on 6 July 2020.

The issue of these Notes constituted a value of \$4.46 million before costs.

Key Terms of the Unlisted Convertible Redeemable Notes

1. The Notes will have an issue price and face value of 0.09 cents per Note.
2. 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.
3. The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
4. The Company may redeem the Notes prior to the maturity date at any time after 31 December 2020 upon 15 days notice. Upon the issue of an early redemption notice, if Notes are not subsequently converted then the Notes will be redeemed by the Company at 103% of their face value.
5. Notes are convertible at any time at the election of the Noteholder into one ordinary share in Company subject to usual adjustment mechanisms in certain circumstances.
6. Notes will be secured by a first ranking charge over Company's assets.
7. No dividends may be declared or paid by the Company whilst the Notes are on issue

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4 (in addition to the information noted above):

- (a) the Notes were allotted and issued to a consortium of professional and sophisticated investors through Bizzell Capital Partners Pty Ltd as lead manager for the Notes issue;
- (b) the total number of Notes in the Company that were issued is 4,961,111,113;
- (c) the Notes were issued at an issue price of \$0.0009 (0.09 cents) per Note;
- (d) any Ordinary shares that will be issued upon conversion of these Notes will rank equally with existing ordinary shares on issue; and
- (e) the proceeds raised were used to facilitate payment of Nangwarry-1 related costs and other working capital requirements.

Board Recommendation

The Board recommends that all eligible Shareholders vote in favour of this Resolution to ratify the prior issue of Notes in the Company on the dates outlined within the explanatory statement. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 2: Ratification of prior issue of Shares

Background

The Company is seeking Shareholder approval to ratify the issue of a total of 74,600,000 fully paid ordinary shares (**Shares**) in the Company issued at \$0.001 (0.1 cents) per share to an employee of the Company in relation to the Loan Funded Share Offer as disclosed in the Appendix 3B dated 24 December 2019. The shares issued under the offer are subject to various vesting conditions being satisfied and as such a holding lock have been applied to the shares. The effect of the Loan Funded Share Offer is that the employee is indebted to the Company for an amount of \$74,600, and until this amount has been paid by the employee (and subject to various other vesting conditions) a holding lock will be in place over the fully paid ordinary shares.

ASX Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the Shares were issued to the Chief Operating Officer of the Company in relation to the Loan Funded Share Offer;
- (b) the total number of fully paid ordinary shares in the Company that were issued is 74,600,000;
- (c) the Shares were issued at an issue price of \$0.001 (0.1 cent) per share however a non-recourse loan has been provided to the employee whereby the holding lock will remain in place until repaid in addition to various other vesting conditions;
- (d) the Shares were issued pari passu with all existing Shares of their class (except as outlined above) on 24 December 2019;
- (e) funds raised upon the repayment of the non-recourse loan will be used for ongoing working capital purposes;

Directors Recommendation

The Board recommends that all eligible Shareholders vote in favour of this Resolution to ratify the prior issue of 74,600,000 fully paid ordinary shares in the Company on 24 December 2019. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 3: Approval of Issue of Convertible Notes

Background

The Company announced a capital raising of up to \$6.03 million (before costs) via a tranching issue of Unlisted Convertible Redeemable Notes (**Notes**) as announced on 12 December 2019. The Company has issued a total of 4,961,111,113 on various dates at an issue price of \$0.0009 (0.09) cents.

On 12 December 2019 the Company announced that it had engaged Bizzell Capital Partners Pty Ltd (**BCP**) as the lead manager for the Note issue and it was intended that for the balance of the Notes issue to be fully underwritten by BCP. BCP will receive a fee of 6% of capital raised. It is proposed that Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather, will sub-underwrite up to \$3 million once the \$6.03m is confirmed to be fully underwritten and will receive fees from BCP in this regard as outlined within resolution 9.

The Convertible Redeemable Notes Trust Deed (**Trust Deed**) allows for a total of up to 10,000,000,000 Notes to be issued under the Trust Deed and therefore the Company is now seeking Shareholder approval for the issue of up to 5,038,888,887 Notes in the Company together with the ordinary shares to be issued on conversion of the convertible notes, in accordance with ASX Listing Rule 7.1.

Key Terms of the Unlisted Convertible Redeemable Notes

1. The Notes will have an issue price and face value of 0.09 cents per Note.
2. 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.

3. The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
4. The Company may redeem the Notes prior to the maturity date at any time after 31 December 2020 upon 15 days notice. Upon the issue of an early redemption notice, if Notes are not subsequently converted then the Notes will be redeemed by the Company at 103% of their face value.
5. Notes are convertible at any time at the election of the Noteholder into one ordinary share in Company subject to usual adjustment mechanisms in certain circumstances.
6. Notes will be secured by a first ranking charge over Company's assets.
7. No dividends may be declared or paid by the Company whilst the Notes are on issue.

ASX Listing Rule 7.3 requires the following information be provided to shareholders for the purpose of obtaining shareholder approval (in addition to the information noted above):

- (a) the Notes are proposed to be issued to a consortium of professional and sophisticated investors through Bizzell Capital Partners Pty Ltd as lead manager for the Notes issue, and to Bizzell Capital Partners Pty Ltd if the Note issue is underwritten (and there is a shortfall);
- (b) the total number of Notes in the Company will issue is up to 5,038,888,887 at 0.09 cents per Note;
- (c) any Ordinary shares that will be issued upon conversion of these Notes will rank equally with existing ordinary shares on issue;
- (d) the Notes will be issued no later than three months after the date on which shareholder approval is obtained; and
- (e) the proceeds raised will be used to facilitate payment of Nangwarry-1 related costs and other working capital requirements.

Board Recommendation

The Board recommends that the Shareholders vote in favour of Resolution 3.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 4: Approval of Issue of Convertible Notes to Settle Interest

Background

The Company announced a capital raising of up to \$6.03 million (before costs) via a tranching issue of Unlisted Convertible Redeemable Notes (**Notes**) as announced on 12 December 2019. The Company has issued a total of 4,961,111,113 on various dates at an issue price of 0.09 cents.

The first interest payment for Notes was on 30 June 2020 for any Notes issued prior to this date. Interest shall accrue daily on the basis of a 365 day year from the Issue Date until the Maturity Date, unless the Note is Redeemed or Converted before the Maturity Date in accordance with these Terms of Issue. Interest is payable by the Company in arrears in respect of each Interest Period on each Interest Payment Date.

The total interest payable at 30 June 2020 amounted to \$233,339.18 and as such the Company under the terms of Convertible Redeemable Notes Trust Deed at its election will settle the interest payable with the issue of additional Notes. The Company may also be subject to default interest and as such seeks approval to settle an additional \$7,287.85 should it not obtain a waiver from the relevant noteholders.

The Company is therefore seeking Shareholder approval for the issue of a total of up to 267,363,366 Notes in the Company together (for the settlement of up to \$240,627.03 in interest payable at 30 June 2020) with the ordinary shares to be issued on conversion of the convertible notes, in accordance with ASX Listing Rule 7.1.

Key Terms of the Unlisted Convertible Redeemable Notes

1. The Notes will have an issue price and face value of 0.09 cents per Note.
2. 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.
3. The maturity date of the Notes, if not earlier converted, will be 31 December 2021.

4. The Company may redeem the Notes prior to the maturity date at any time after 31 December 2020 upon 15 days notice. Upon the issue of an early redemption notice, if Notes are not subsequently converted then the Notes will be redeemed by the Company at 103% of their face value.
5. Notes are convertible at any time at the election of the Noteholder into one ordinary share in Company subject to usual adjustment mechanisms in certain circumstances.
6. Notes will be secured by a first ranking charge over Company's assets.
7. No dividends may be declared or paid by the Company whilst the Notes are on issue.

ASX Listing Rule 7.3 requires the following information be provided to shareholders for the purpose of obtaining shareholder approval (in addition to the information noted above):

- (a) the Notes are proposed to be issued to a consortium of professional and sophisticated investors through Bizzell Capital Partners Pty Ltd as lead manager for the Notes issue being the investors who previously subscribed for Notes prior to 30 June 2020;
- (b) the total number of Notes in the Company will issue is up to 267,363,366 at 0.09 cents per Note;
- (c) any Ordinary shares that will be issued upon conversion of these Notes will rank equally with existing ordinary shares on issue;
- (d) the Notes will be issued no later than three months after the date on which shareholder approval is obtained; and
- (e) the proceeds raised will be used to facilitate payment of Nangwarry-1 related costs and other working capital requirements.

Board Recommendation

The Board recommends that the Shareholders vote in favour of Resolution 4.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 5: Approval of appointment of Auditor

Background

Pitcher Partners was the previous auditor of the Company. The Board was satisfied with the services provided by the current auditor, and thanks the auditor for their services rendered to the Company. Nevertheless, the Company's size, scope and nature of operations has changed since the current auditor's initial appointment, and on that basis the previous auditor being Pitcher Partners tendered a notice of resignation to the Australian Securities and Investments Commission (**ASIC**) under section 329(5) of the Corporations Act 2001.

ASIC has since consented to this resignation. William Buck has provided their consent in writing to act as auditor of the Company.

William Buck confirms that it does not provide any services to the Company and the Company confirms that it is unaware of any matter or circumstances that would give rise to a conflict of interest situation, as defined in section 324CD of the Corporations Act 2001, in relation to the Company.

The Board has also noted that William Buck is registered as an auditor under section 1280 of the Corporations Act 2001 and is a well-established firm with the necessary expertise and skill necessary to meet the Company's requirements. ASIC has since granted its approval for the resignation and appointment and therefore the Company seeks Shareholder approval at this Meeting, as William Buck has been nominated and selected to become the new auditor of the Company.

A copy of the nomination notice under section 328B of the Corporations Act 2001 given to the Company is at Annexure A of this Notice.

Board Recommendation

The Board recommends that the Shareholders vote in favour of Resolution 5.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 6: Approval to Issue of Convertible Notes to Mr Roland Sleeman (or his nominee)

The Company is seeking Shareholder approval for the issue of up to a total of 206,804,710 Unlisted Convertible Redeemable Notes (**Notes**) in the Company issued at \$0.0009 (0.09 cents) per Note to Mr Roland Sleeman as settlement of an liabilities for services provided to the Company in his capacity as Director and CEO should he elect to receive Notes in lieu of cash payment. It is proposed that the Notes are issued on the same terms as the notes issued previously announced on 12 December 2019.

It is the view of Directors that the issue of Notes pursuant to Resolution 6 falls within the exception under section 210 of the Corporations Act as the terms of the Notes are on the same terms as all other Notes issued under the capital raise, further the Notes are issued to Mr Sleeman to settle liabilities owing to him arising from reasonable remuneration. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although Shareholder approval must be obtained pursuant to Listing Rule 10.11.

Key Terms of the Unlisted Convertible Redeemable Notes

1. The Notes will have an issue price and face value of 0.09 cents per Convertible Note.
2. 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.
3. The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
4. The Company may redeem the Notes prior to the maturity date at any time after 31 December 2020 upon 15 days notice. Upon the issue of an early redemption notice, if Notes are not subsequently converted then the Notes will be redeemed by the Company at 103% of their face value.
5. Notes are convertible at any time at the election of the Noteholder into one ordinary share in Company subject to usual adjustment mechanisms in certain circumstances.
6. Notes will be secured by a first ranking charge over Company's assets.
7. No dividends may be declared or paid by the Company whilst the Notes are on issue.

ASX Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under Listing Rule 10.11.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 7 (in addition to the information noted above):

- (a) the related party is Mr Roland Sleeman;
- (b) approval for Mr Roland Sleeman is sought under ASX Listing Rule 10.11.1 being Director of the Company;
- (c) the maximum number of Notes to be issued is 206,804,710;
- (d) that subject to Shareholder approval, the Notes will be issued no later than one month after the date of the Meeting;
- (e) the Notes will be issued at a deemed issue price of \$0.0009 (0.09 cent) per Note;
- (f) there will not be any funds raised through the issue of Notes, but the Company will be able to reduce its liabilities by up to \$186,124.24, being accrued and unpaid remuneration up until 30 September 2020; and
- (g) Mr Roland Sleeman' remuneration package consists of a monthly retainer of \$6,500 per month with any work in excess of 40 hours per month charged at a rate of \$230 per hour for CEO services provided in addition to Directors fees of \$33,333 per annum.

Board Recommendation

The Board (with Mr. Sleeman abstaining) recommends that the Shareholders vote in favour of Resolution 6.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 7: Approval to Issue Shares to Mr Roland Sleeman (or his nominee)

Background

Resolution 7 of the Notice seeks Shareholder approval for the purpose of Listing Rule 10.11 and all other purposes for the issue of up to 8,333,340 fully paid ordinary shares to Roland Sleeman (or his nominee), a Director of the Company as consideration for Director fees payable to him for the period from 1 September 2020 through to 30 November 2020 subject to an ASX Waiver being granted. The issue of Shares to Mr Sleeman will only occur if Mr Sleeman elects to take fully paid ordinary shares in lieu of a physical cash payment for his fees.

The deemed issue price of the Shares will be determined by reference to the monthly VWAP of fully paid ordinary shares each calendar month, for which the fees are incur, subject to a floor price of \$0.001 (0.1 cents) per Share.

It is the view of Directors that the issue of Shares pursuant to Resolution 7 falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by the Directors. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although Shareholder approval must be obtained pursuant to Listing Rule 10.11.

ASX Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the company. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under Listing Rule 10.11.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the related party is Mr Roland Sleeman;
- (b) approval for Mr Roland Sleeman is sought under ASX Listing Rule 10.11.1 being Director of the Company;
- (c) the maximum number of Shares to be issued by the Company will be determined by dividing the monthly directors' fees payable by the monthly VWAP (subject to a floor price of \$0.001) (0.1 cents) per Share) in arrears for each month from 1 September 2020 to 30 November 2020 which amounts to up to 8,333,340 shares;
- (d) the Company has sought an ASX waiver from the requirement that the Shares be issued within one month after the date of the AGM, the waiver requests that the allotment will occur on a monthly basis when the fees become payable and within 10 business days of the end of each month;
- (e) any fractions of Shares resulting from the calculation will be rounded down to the nearest whole number;
- (f) the Shares will be issued as satisfaction for the Director's fees of up to \$8,333.34 for the period payable to the Director at a deemed issue price calculated as the monthly VWAP in arrears for each month from 1 September 2020 to 30 November 2020 (subject to a floor price of \$0.001 (0.1 cents) per Share);
- (g) there will not be any funds raised through the issue of securities, but the Company will be able to reduce its liabilities by up to \$8,333.34 for the period from 1 September 2020 to 30 November 2020 (based on the floor price of \$0.001 per Share); and
- (h) Mr Roland Sleeman' remuneration package consists of a monthly retainer of \$6,500 per month with any work in excess of 40 hours per month charged at a rate of \$230 per hour for CEO services provided in addition to Directors fees of \$33,333 per annum.

The Company's Annual Report for any period during which the shares are issued to Mr Sleeman (or his nominee) shall disclose the details of the number of Shares that were issued to him, including the percentage of the Company's issued capital represented by those Shares.

The relevant interests of Mr Sleeman in Shares of the Company and the potential future voting power based on the maximum number of Shares issued under Resolution 7 and the maximum number of Shares issued upon conversion of Notes issued to Mr Sleeman under Resolution 6 are set out below (assuming no other Noteholder converts their Notes into Shares):

Related Party	Shares Currently held	% Voting Power	Maximum Shares to be issued to the Related Party	% increase in voting power for individual dilution*	% Voting power*
Mr Roland Sleeman	150,064,422	0.45	206,804,710 (Resolution 6) 8,333,340 (Resolution 7*)	0.64	1.08

*Note: In relation to Resolution 7, these figures are based on the maximum number of Shares that will be issued under Resolution 7 as it has been assumed that the floor issue price of \$0.001 (0.1 cents) is the deemed issue price. In certain circumstances whereby, the preceding calendar months VWAP traded on the ASX is materially greater than \$0.001 the absolute cumulative number of Shares in aggregate to be issued under Resolution 8 over the period from 1 September 2020 to 30 November 2020 and Mr Sleeman's corresponding voting power may be materially less than that outlined in the table. In addition, if Mr Sleeman does not elect to receive shares in lieu of cash payments, then his corresponding voting power may also be materially less than that outlined in the table.

Board Recommendation

The Board recommends (with Mr Sleeman abstaining) that the Shareholders vote in favour of Resolution 7.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

Resolution 8: Approval to Issue Sub-Underwriter Convertible Notes to a Director

Background

On 12 December 2019 Company announced a capital raising of up to \$6.03 million (before costs) via a tranching issue of Unlisted Convertible Redeemable Notes (**Notes**) as announced on 12 December 2019. The Company has engaged Bizzell Capital Partners Pty Ltd (**BCP**) as the lead manager for the Note issue and it is proposed that the Notes issue to be fully underwritten by BCP. BCP will receive a fee of 6% of capital raised.

It is proposed that 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 it is confirmed that the \$6.03m is fully underwritten and will receive sub-underwriting fees from BCP in this regard. It is proposed the sub-underwriting will consist of a total of 3,333,333,334 Notes and should the sub-underwriting be subscribed to in full a total of \$180,000 in sub-underwriting fees will be paid to Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather.

The Company is seeking Shareholder approval for the participation of Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather to sub-underwrite 3,333,333,334 Notes in the Company together with the ordinary shares to be issued on conversion of the convertible notes, in accordance with ASX Listing Rule 10.11.

Key Terms of the Unlisted Convertible Redeemable Notes

1. The Notes will have an issue price and face value of 0.09 cents per Convertible Note.
2. 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.
3. The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
4. The Company may redeem the Notes prior to the maturity date at any time after 31 December 2020 upon 15 days notice. Upon the issue of an early redemption notice, if Notes are not subsequently converted then the Notes will be redeemed by the Company at 103% of their face value.
5. Notes are convertible at any time at the election of the Noteholder into one ordinary share in Company subject to usual adjustment mechanisms in certain circumstances.
6. Notes will be secured by a first ranking charge over Company's assets.
7. No dividends may be declared or paid by the Company whilst the Notes are on issue

Corporations Act

Chapter 2E of the Corporations Act requires a public company to seek shareholders' approval for the provision of a financial benefit to a related party unless the benefit falls within the exceptions provided in sections 210 to 216 of the Corporations Act. Mr Mather's proposed participation in the sub-underwriting of the Note issue will result in the issue of Notes and the receipt of an underwriting fee which constitutes providing a financial benefit and Mr Mather is a Director of the Company and therefore a related party.

The Directors (other than Mr Mather who has a material personal interest in Resolution 8) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Mr Mather's proposed participation in the Note issue sub-underwriting as both the Notes and underwriting fee are on the same terms as the non-related party participants, and as such, the giving of the financial benefit is reasonable on arm's length terms (an allowable exemption under section 210 of the Corporations Act).

ASX Listing Rules

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 8 (in addition to the information noted above):

- (a) the related party is Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather ;
- (b) approval for Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather is sought under ASX Listing Rule 10.11.1 being Director of the Company;
- (c) the maximum number of Notes to be issued is 3,333,333,334;
- (d) that subject to Shareholder approval, the Notes will be issued no later than one month after the date of the Meeting;
- (e) the Notes will be issued at a deemed issue price of \$0.0009 (0.09 cent) per Note;
- (f) the proceeds raised will be used to facilitate payment of Nangwarry-1 related costs and other working capital requirements.

Board Recommendation

The Board recommends (with Mr Mather abstaining) that the Shareholders vote in favour of Resolution 8.

Voting Exclusions

Refer note 6 for voting exclusions on this resolution.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“ASX” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“AEST” means Australian Eastern Standard Time.

“Board” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“Chairman” means the person appointed to chair the Meeting of the Company convened by the Notice;

“Closely Related Party” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“Company” means Lakes Oil NL ACN 004 247 214;

“Constitution” means the constitution of the Company as at the date of the Meeting;

“Convertible Security” means a security of the Company which is convertible into shares;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Director” means a Director of the Company;

“Equity Security” has the same meaning as in the Listing Rules;

“Explanatory Statement” means the explanatory statement which forms part of the Notice;

“Key Management Personnel” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“Listing Rules” means the Listing Rules of the ASX;

“Meeting” has the meaning given in the introductory paragraph of the Notice;

“Notice” means the Notice of Meeting accompanying this Explanatory Statement;

“Option” means a right to acquire a Share;

“Performance Right” means a right to acquire a Share;

“Proxy Form” means the proxy form attached to the Notice;

“Resolution” means a resolution referred to in the Notice;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means shareholder of the Company;

“Trading Day” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“VWAP” means volume weighted average price.

ANNEXURE A – Notice of nomination of William Buck as auditor

16 January 2020

Board of Directors
Lakes Oil NL
Level 4, 100 Albert Road
South Melbourne, VIC, 3205

Dear Sirs/Madam,

LAKES OIL NL | NOTICE OF NOMINATION OF NEW AUDITOR IN ACCORDANCE WITH SECTION 328B OF THE CORPORATIONS ACT 2001

I, the undersigned, being a shareholder of Lakes Oil NL (**Company**), understand that the current auditor of the Company has tendered a notice of resignation to the Australian Securities and Investments Commission (**ASIC**) in accordance with section 329 of the Corporations Act 2001, with the resignation to take place at the next shareholders' meeting, subject to the approval of ASIC.

Consequently, I hereby give written notice pursuant to section 328B of the Corporations Act 2001, of the nomination of William Buck Audit (Vic) Pty Ltd for appointment as auditor of the Company at the forthcoming shareholders' meeting.

Your faithfully



Roland Sleeman



LAKES OIL N.L.

(ABN 62 004 247 214)

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

LKO

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00pm (AEST) on Sunday 20 September 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to participate in the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Lakes Oil N.L. hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Lakes Oil N.L. to be held online on Tuesday, 22 September 2020 at 2:00pm (AEST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 6, 7 and 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 6, 7 and 8 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Ratification of prior issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to Issue Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval to Issue Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval on appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval to Issue Convertible Notes to Mr Roland Sleeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval to Issue Fully Paid Ordinary Shares to Mr Roland Sleeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval to Issue Sub-Underwriter Convertible Notes to a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

