



LAKES BLUE ENERGY NL (ASX: LKO)

ACN 004 247 214

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the **Annual General Meeting** will be held at:

TIME: 2.00pm (AEDT)
DATE: Friday, 25th November 2022
PLACE: Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

2022 Annual Report

A copy of Lakes Blue Energy NL's 2022 Annual Report, including the financial report, directors' report and auditors report for the year ended 30 June 2022 is available on the Company's website at <https://lakeblueenergy.com.au>

LAKES BLUE ENERGY NL

ACN 004 247 214

NOTICE OF ANNUAL GENERAL MEETING

2.00pm, Friday, 25th November 2022

Notice is hereby given that the Annual General Meeting of Shareholders (**AGM**) of Lakes Blue Energy NL (**Company** or **LKO**) will be held on **Friday, 25th November 2022** at 2.00pm (AEDST) at Piper Alderman, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered at the AGM. Please ensure you read the Explanatory Statement in full.

AGENDA

1. ANNUAL REPORT

To receive and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2022 which includes the Financial Report and the Directors' and Auditor's Reports.

2. RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding **advisory resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2022 be adopted."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: In accordance with Section 250R of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of either of the following persons:

- (a) A member of the Key Management Personnel, details of whose remuneration are included in the remuneration report;
- (b) A closely related party of such a member. A closely related party includes close family members and companies the Key Management Personnel controls.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, either in accordance with a direction on the Proxy Form to vote as the proxy decides or pursuant to the express authorisation detailed on the Proxy Voting Form.

3. RESOLUTION 2 – RE-ELECTION OF MR. RICHARD ASH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr. Richard Ash, who retires by rotation in accordance with Clause 20 of the Company's Constitution, being eligible, be re-elected as a director of the Company."

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE - SHARES (LR 7.1)

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 56,250,000 Shares to Sutton Nominees Pty Ltd <W M Gatacre Family Fund> on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 3 by Sutton Nominees Pty Ltd or an associate of Sutton Nominees Pty Ltd.

However, the Company will not disregard a vote cast in favour of Resolution 3 by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the 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 the directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE - CONVERTIBLE NOTES (LR 7.1)

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 650,666,076 Convertible Notes on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4 by a person who participated in the issue or any associates of those persons.

However, the Company will not disregard a vote cast in favour of Resolution 4 by:

- a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the 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 the directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 5 – APPROVAL TO ISSUE CONVERTIBLE NOTES

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

"That, for the purposes of ASX Listing Rule 7.3 and for all other purposes, approval is given for the Company to issue up to 632,022,102 Convertible Notes in accordance with the terms and conditions as set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any person who is expected to participate in, or a person who might obtain a material benefit (except a benefit solely in the capacity as a holder of ordinary Shares), if the resolution is passed; or

- an associate of that persons.

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

- a person as 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. RESOLUTION 6 – APPROVAL TO ISSUE CONVERTIBLE NOTES | SAMUEL CAPITAL

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 129,863,143 Convertible Notes to Samuel Capital Pty Ltd, an entity associated with Director Nick Mather, or its nominee, in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 6 by or on behalf of Samuel Capital Pty Ltd; or any associates of Samuel Capital Pty Ltd.

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

- a person as 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.

8. RESOLUTION 7 – APPROVAL TO ISSUE CONVERTIBLE NOTES | SLEEMAN FAMILY SUPER

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 114,481,294 Convertible Notes to Mrs. Caroline Patricia Sleeman and Mr. Roland Kingsbury Sleeman as trustees for the Sleeman Family Super Fund, in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 8 by or on behalf of Mrs. Caroline Sleeman and Mr. Roland Sleeman; or any associates of Mrs. Caroline Sleeman and Mr. Roland Sleeman.

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

- a person as 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.

9. RESOLUTION 8 – APPROVAL TO ISSUE CONVERTIBLE NOTES | ROLAND SLEEMAN

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 68,976,579 Convertible Notes to Mr. Roland Kingsbury Sleeman as trustee for The Sleeman Trust, in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 7 by or on behalf of Mr. Roland Sleeman; or any associates of Mr. Roland Sleeman.

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

- a person as 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.

10. RESOLUTION 9 – ISSUE OF NEW SHARES | RICHARD ASH

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 33,333,000 Shares to Mr. Richard Ash, or his nominee, in accordance with the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 9 by or on behalf of Mr. Richard Ash; or any associates of Mr. Richard Ash.

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

- a person as 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.

11. RESOLUTION 10 – ISSUE OF NEW SHARES | ROLAND SLEEMAN

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 33,333,000 Shares to Mr. Roland Sleeman, or his nominee, in accordance with the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Mr. Sleeman, or any associates of Mr. Sleeman.

However, the Company will not disregard 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 the 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 the directions given by the beneficiary to the holder to vote in that way.

12. RESOLUTION 11 – ISSUE OF NEW SHARES | NICHOLAS MATHER

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 33,333,000 Shares to Samuel Capital Pty Ltd, in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 11 by or on behalf of Samuel Capital Pty Ltd; or any associates of Samuel Capital Pty Ltd.

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

- a person as 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.

13. RESOLUTION 12 - APPROVAL FOR ADDITIONAL SHARE PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve giving the Company an additional ten percent (10%) capacity to issue equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 12 by:

- any person who may participate in the issue of equity securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary Shares, if the resolution is passed; and
- any associates of that person.

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

- a person as 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.

VOTING AND PARTICIPTION

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

HOW TO VOTE

Shareholders can vote on the resolutions by:

- Submitting their vote before the meeting either online or using the proxy form; or
- At the meeting.

Shareholders are encouraged to lodge their vote prior to the meeting by visiting www.investorvote.com.au and following the instructions **no later than 48 hours before the commencement of the meeting**.

You may also lodge completed Proxy Forms by mail to:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001

All Resolutions will be by poll

Each resolution considered at the meeting will be conducted by a poll, rather than on a show of hands.

Joint holders

When joint holders are named in the register of members, only one joint holder may vote. If more than one of the joint holders is present at the meeting, only the person whose name appears first in the register of members will be entitled to vote. If more than one holder votes at the meeting, only the vote of the first named of the joint holders in the register of members will be counted.

Proxies

All Shareholders who are entitled to participate in and vote at the AGM have the right to appoint a proxy to participate in the AGM and vote in their place. A proxy need not be a Shareholder and can be an individual or a body corporate.

You can direct your proxy how to vote (i.e. to vote 'for' or 'against', or to 'abstain' from voting on, each resolution) by following the instructions either online or on the hard copy voting form. A proxy may decide whether to vote on an item of business, except where the proxy is required by law or the constitution to vote, or abstain from voting, in his or her capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may only vote on the item as directed. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

For your proxy appointment to be effective, it must be received by Computershare not less than 48 hours before the time for holding the AGM (that is by 2.00pm (AEST) on 23rd November 2022).

If you appoint the Chairman as your proxy but do not direct the Chairman on how to vote, then by completing and submitting your voting instructions you are expressly authorising the Chairman to vote in favour of each item of business, even when an item of business is directly or indirectly connected to the remuneration of a member of the key management personnel of LKO. The Chair intends to vote all available (including undirected) proxies in favour of all resolutions, subject to the applicable voting exclusions.

If you are entitled to cast two or more votes, you may appoint two proxies and you may specify the proportion or number of votes that each proxy is appointed to exercise. If your appointment does not specify the proportion or number of your voting rights, each proxy may exercise half your votes (disregarding fractions).

The appointment of one or more duly appointed proxies will not preclude a Shareholder from attending the meeting and voting personally. If the Shareholder votes on a resolution, the proxy must not vote as the Shareholder's proxy on that resolution.

QUESTIONS AND COMMENTS FROM SHAREHOLDERS

Lakes Blue Energy welcomes questions from Shareholders and proxyholders in the lead up to and during the AGM. In the interests of all participants, please confine your questions to matters being considered at the AGM that are relevant to Shareholders as a whole. It may not be possible to respond to all questions during the AGM and a number of similar questions may be grouped together and answered by the Chairman or management.

Before the meeting

Shareholders may submit written questions to the Company or the auditor in advance of the AGM by email to the Company Secretary at elissa.hansen@cosecservices.com.au or by post to the Company's share registry (see address details above).

During the meeting

All Shareholders will have a reasonable opportunity to ask questions during the AGM, including the opportunity to ask questions of the Company's auditor, William Buck.

COMMUNICATION WITH SHAREHOLDERS

By signing up to receive e-communications you will be helping to reduce print, paper and postage costs and the associated environmental impact. To sign up for e-communications visit <https://www.computershare.com/au>. In line with our commitment to the environment and sustainability, unless you elect otherwise we will provide our Annual Reports to you by making them available on our website at <https://lakesblueenergy.com.au/about/corporate/>.

Dated: 24th October 2022

By order of the Board

**Elissa Hansen
Company Secretary**

ANNUAL GENERAL MEETING EXPLANATORY STATEMENT

This Annual General Meeting (**AGM**) Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the General Meeting resolutions.

1. ANNUAL REPORT

1.1 General

The first agenda item is to receive the Annual Report of the Company for the year ended 30 June 2022.

1.2 Corporations Act

Section 317 of the *Corporations Act 2001 (Cth)* requires the directors to lay before the Annual General Meeting the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended 30 June 2022.

The Annual Report is available on the Company's website and a printed copy has been sent to those shareholders who requested it.

In accordance with sections 250S and 250SA of the Corporations Act, Shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to:

- (a) ask questions or make comment to the Directors present on the management of the Company and Remuneration Report; and
- (b) ask questions or make comment to the Auditor about the conduct of the audit and the preparation and content of the Auditor's Report.

No formal resolution to adopt the Annual Report will be put to the Shareholders at the Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting are able to submit written questions to the Chairman or the auditor about:

- (a) The preparation and the content of the 2022 Auditor's Report;
- (b) The conduct of the 2022 audit;
- (c) Accounting policies adopted by the Company in relation to the preparation of the 2022 financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the 2022 audit.

The questions will need to be submitted no later than five (5) business days before the Annual General Meeting to the Company Secretary at the Company's Registered Office or via email to elissa.hansen@cosecservices.com.au.

2. RESOLUTION 1 – REMUNERATION REPORT

2.1 General

In accordance with Section 250R(2) of the Corporations Act, at a listed company's Annual General Meeting, a resolution that the Company's Remuneration Report be adopted must be put to the vote. Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Directors or the Company.

In accordance with Section 300A, the Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report for the financial year ending 30 June 2021. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting Consequences

Under the Corporations Act, companies are required to put to shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company ("Spill Resolution") if, at two consecutive Annual General Meetings, at least 25% of the votes cast on the Remuneration Report are voted against the adoption of the Remuneration Report and at the first of those Annual General Meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those Annual General Meetings.

If more than 50% of votes are cast in favour of a Spill Resolution, the Company must convene a shareholder meeting ("Spill Meeting") within 90 days of the second Annual General Meeting. At that meeting, all directors who were in office at the time of the Directors' Report, other than the managing director, will cease to hold office immediately before the Spill Meeting. Those persons who are elected or re-elected at the Spill Meeting will be the directors of the company. Note those directors who ceased to hold office immediately prior to the Spill Meeting may stand for re-election.

At the 2020 Annual General Meeting, the adoption of the remuneration report was approved by 94.44% of votes by shareholders who voted on the resolution. Accordingly, a Spill Resolution is not required at this AGM.

Shareholders of the Company will be provided with the opportunity to ask questions about or make comments on the Remuneration Report.

3. RESOLUTION 2 - ELECTION OF DIRECTOR

3.1 General

In accordance with ASX Listing Rule 14.5, a public listed company must hold an election of directors at each annual general meeting. Further, in accordance with ASX Listing Rule 14.4 and the Company's Constitution, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment and a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting.

3.2 Richard Ash

Mr. Richard Ash was last elected as a director at the 2020 AGM, having initially been appointed as a director on 4 December 2019. Mr. Ash will retire by rotation at the conclusion of this meeting and, being eligible, offers himself for re-election.

Mr. Ash is a Chartered Accountant and has a Bachelor of Economics degree with more than 25 years of experience in funds management and finance in Australia and Asia. Prior to forming AAP Capital, Mr. Ash was a Managing Director, Head of Asset Finance for Developed Asia and a member of the Australian executive team for Nomura Australia. He has also worked at Westpac, Macquarie Bank and KPMG.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES – SUTTON NOMINEES

4.1 Background

On 1 April 2022, the Company issued and allotted 125,000,000 fully paid ordinary Shares at \$0.0008 per Share to Sutton Nominees Pty Ltd <W M Gatacre Family Fund>. 68,750,000 of these Shares were approved for issue at the Company's 2021 AGM. This resolution seeks ratification of the remaining 56,250,000 Shares. The Shares were issued to raise additional funds for working capital.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

4.3 ASX Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

By ratifying the issue of Shares, the subject of Resolution 3, the base figure (ie. variable "A") in which the Company's 15% annual placement capacity is calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Shares will be excluded in calculating the Company's 15% limit under ASX Listing Rule 7.1 respectively, increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Shares.

If Resolution 3 is not passed, the Shares will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Shares.

4.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) The 56,250,000 Shares were issued to Sutton Nominees Pty Ltd <W M Gatacre Family Fund>.
- (b) the issue price of the Shares was \$0.0008;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 1 April 2022;
- (e) funds raised from the issue of Shares were used to meet ongoing corporate costs and for working capital.

5. RESOLUTIONS 4– RATIFICATION OF PRIOR ISSUE – CONVERTIBLE NOTES (LR 7.1)

5.1 General

Resolution 4 seek Shareholder ratification for the prior issue of 650,666,076 Convertible Notes (Notes).

On 1 August 2022, the Company issued 650,666,076 Notes to existing holders of Notes in settlement of interest payable on the Notes to 30 June 2022 at \$0.0009 each.

A summary of ASX Listing Rule 7.1 is set out in section 4.2 above.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the issue of the Notes will be excluded in calculating the Company's 15% placement capacity limit under ASX Listing Rules 7.1, increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Notes.

If Resolution 4 is not passed, the Notes will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Notes.

5.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Notes were issued to current holders of Notes. None of these Note holders are a related party of the Company;
- (b) the Notes issued were all Convertible Notes issued on the same terms and conditions as the Company's existing Convertible Notes. A summary of the terms of the Notes is set out in Annexure A;
- (c) 650,666,076 Notes were all issued on 1 August 2022;
- (d) the issue price for all of the Notes was \$0.0009; and
- (e) Notes were issued to settle interest payable on the Notes to 30 June 2022.

6. RESOLUTION 5 – ISSUE OF NEW CONVERTIBLE NOTES

6.1 General

Resolution 5 seeks shareholder approval to issue and allot up to 632,022,102 Convertible Notes to current Note holders (not including related parties) in consideration for interest payable on the Notes to 31 December 2022.

A summary of ASX Listing Rule 7.1 is set out in section 4.2 above.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of Notes and they will be excluded in calculating the Company's 15% placement limit under ASX Listing Rules 7.1, increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Convertible Notes.

If Resolution 5 is not passed, the Notes will be issued under the Company's placement capacity, decreasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the Notes.

6.3 Technical Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 15:

1. the Notes are to be issued to current holders of Convertible Notes.
2. 632,022,102 Convertible Notes are to be issued. A summary of the key terms of the Notes is set out in Annexure A.
3. the Convertible Notes will be issued no later than three months after the date of the Meeting and it is intended that issue of Shares will occur on the same date.
4. The Convertible Notes will be issued for \$0.0009 each.
5. No funds will be raised from the issue of the Notes however they will reduce a liability owed by the Company for interest payable on the current Notes on issue.

7. RESOLUTIONS 6 - 8 – APPROVAL TO ISSUE CONVERTIBLE NOTES – RELATED PARTIES

7.1 General

Resolutions 6 to 8 seek Shareholder approval for the issue of 313,321,016 Convertible Notes to parties related to the Company in consideration of interest payable to 31 March 2023 when the Convertible Notes mature and convert to ordinary shares (including interest payable to 30 June 2022).

129,863,143 Notes are to be issued to Samuel Capital Pty Ltd, a company controlled by Mr. Nick Mather, in consideration of interest payable on Notes held by Samuel Capital Pty Ltd. Mr. Nick Mather is a director of the Company.

114,481,294 Notes are to be issued to Mrs. Caroline Patricia Sleeman and Mr. Roland Kingsbury Sleeman as trustees for the Sleeman Family Super Fund in consideration of interest payable on Notes held by Mrs. Caroline Patricia Sleeman and Mr. Roland Kingsbury Sleeman as trustees for the Sleeman Family Super Fund. Mr. Roland Kingsbury Sleeman is a director of the Company.

68,976,579 Notes are to be issued to Mr. Roland Kingsbury Sleeman in consideration of interest payable on Notes held by Mr. Roland Kingsbury Sleeman. Mr. Roland Kingsbury Sleeman is a director of the Company.

7.2 Technical information required by ASX Listing Rule 14.1A

If Resolutions 6 to 8 are passed, the Company will be able to proceed with the issue of Notes to related parties of the Company within one (1) month after the date of the Meeting.

Additionally, as approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6 to 8 are not passed, the Company will not be able to proceed with the issue of the Notes and will need to pay the interest due on the Notes in cash.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Shares, the subject of these Resolutions, involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in these current circumstances.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6 to 8:

- (1) 129,863,143 Notes are to be issued to Samuel Capital Pty Ltd, a company controlled by Mr. Nick Mather. Mr. Nick Mather is a related party of the Company by virtue of being a director of the Company;
- (2) 114,481,294 Notes are to be issued to Mrs. Caroline Patricia Sleeman and Mr. Roland Kingsbury Sleeman as trustees for the Sleeman Family Super Fund. Mr. Sleeman is a related party of the Company by virtue of being a director of the Company.
- (3) 68,976,579 Notes are to be issued to Mr. Roland Kingsbury Sleeman t. Mr. Sleeman is a related party of the Company by virtue of being a director of the Company.
- (4) The maximum number of securities to be issued are 313,321,016 Convertible Notes;
- (5) The Notes will be issued as soon as practicable following the meeting and no later than 1 month after the date of the Meeting;
- (6) The Notes will be issued at \$0.0009 per share to extinguish interest payable on Notes held pay the recipients; and
- (7) A summary of the terms of the Notes is set out in Annexure A.
- (8) The remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are:

| Related Party | Current Financial Year | Financial Year ended 30 June 2022 |
|-----------------|------------------------|-----------------------------------|
| Roland Sleeman | \$250,000 ¹ | \$264,198 |
| Nicholas Mather | \$33,333 | \$33,333 |
| Richard Ash | \$33,333 | \$33,333 |

Note 1: Mr Sleeman bills on an hourly for services provided as Chief Executive Officer. This is an estimate based upon billing for the first half of FY23.

If Resolutions 6 to 8 are not passed, the Company will need to repay the interest and commission payable in cash.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Notes as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Notes that are the subject of Resolutions 6 to 8 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTIONS 9 - 11 – ISSUE OF NEW SHARES | RELATED PARTIES

8.1 General

Resolutions 9 to 11 seek Shareholder approval for the Company to issue 99,999,000 Shares, in consideration of \$99,999 in outstanding amounts due to directors to for the period 1 February 2022 to 31 January 2023.

33,333,000 Shares are proposed to be issued to Samuel Capital Pty Ltd in consideration for director's fees payable to Mr. Nicholas Mather of \$33,000.

33,333,000 Shares are proposed to be issued to Mr. Richard Ash or his nominee in consideration for director's fees payable to Mr. Ash of \$33,000.

33,333,000 Shares are proposed to be issued to Mr. Roland Sleeman or his nominee(s) in consideration for director's fees and CEO remuneration payable to Mr. Roland Sleeman of \$33,000.

8.2 Technical information required by Listing Rule 14.1A

If Resolutions 9 to 11 are passed, the Company will be able to proceed with the issue of Shares to related parties of the Company within one (1) month after the date of the Meeting.

Additionally, as approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under ASX Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 9 to 11 are not passed, the Company will not be able to proceed with the issue of the Shares and will need to pay the directors fees payable to directors in cash.

8.3 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 6.3 above

It is the view of Directors that the issue of Shares pursuant to Resolutions 9 to 11 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.

A summary of ASX Listing Rule 10.11 is set out in section 7.3 above.

8.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 12 to 14:

1. the Shares are to be issued to:
 - a. Samuel Capital Pty Ltd, an entity controlled by Mr. Mather who is a related party by virtue of being a director of the Company (33,333,000 Shares);
 - b. Mr. Richard Ash, or his nominee, who is a related party by virtue of being a director of the Company (33,333,000 Shares);
 - c. Mr. Roland Sleeman or his nominee(s) is a related party by virtue of being a director of the Company (33,333,000 Shares);
2. the maximum number of securities to be issued is 99,999,000 Shares.
3. the Shares will be issued as soon as practical after the meeting and no later than 1 month after the date of the Meeting and it is intended that issue of Shares will occur on the same date;
4. the Shares will be issued at \$0.001 per Share;
5. the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
6. Directors' remuneration details are set out in section 7.4 (8) above.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares to Messrs. Mather, Sleeman and Ash, as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares the subject of this resolution will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

9. RESOLUTION 12 - APPROVAL FOR ADDITIONAL SHARE PLACEMENT CAPACITY

9.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its Annual General Meeting to allow it to issue Equity Securities up to 10% of its issued capital (**Additional Placement Capacity**). For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Lakes Blue Energy NL is an 'eligible entity'. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1 and, as such, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 25% of the Company's issued share capital without prior approval from shareholders.

The Company seeks Shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity, should the need arise. The Company has not previously sought and obtained shareholder approval under Listing Rule 7.1A.

As a **special resolution** at least 75% of votes cast by Shareholders eligible to vote at the meeting must be in favour of the resolution for it to be passed.

9.2 Technical information required by Listing Rule 14.1A

If Resolution 12 is passed, LKO will be able to issue an additional 10% of shares without Shareholder approval under its placement capacity under Listing Rule 7.1A.

If Resolution 12 is not passed, the Company will only have 15% of placement capacity available to it, decreasing the number of equity securities the Company can issue without Shareholder approval over the next 12-month period.

9.3 ASX Listing Rule 7.3A Requirements

Pursuant to ASX Listing Rule 7.3A, any security issued under the Company's Additional Placement Capacity must be in an existing quoted class of securities and issued for cash consideration per security not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- if the securities are not issued within 10 trading days of the date above, the date on which the securities are issued.

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in the table below). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Table 1 following shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.3A.2 on the basis of the current market price of Shares and the current number of ordinary securities quoted on ASX for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- i. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- ii. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% against the current market price.

Table 1

| Variable "A" Number of Shares on Issue | Dilution | | | |
|---|-------------------------------|---|-------------------------|---|
| | Issue Price (per Share) | \$0.001 50% decrease in Issue Price | \$0.001 Issue Price | \$0.002 50% Increase in Issue Price |
| 46,554,599,508 (Current number of Shares on Issue) | 10% Voting Dilution | 4,655,459,951 Shares | 4,655,459,951 Shares | 4,655,459,951 Shares |
| | Funds Raised | \$2,327,730 | \$4,655,460 | \$6,983,190 |
| 69,831,899,262 (50% increase in Shares on Issue) | 10% Voting Dilution | 6,983,189,926 Shares | 6,983,189,926 Shares | 6,983,189,926 Shares |
| | Funds Raised | \$3,491,595 | \$6,983,190 | \$10,474,785 |
| 93,109,199,016 (100% increase in Shares on Issue) | 10% Voting Dilution | 9,310,919,902 Shares | 9,310,919,902 Shares | 9,310,919,902 Shares |
| | Funds Raised | \$4,655,460 | \$9,310,920 | \$13,966,380 |

The above table is based on the following assumptions:

- The number of shares on issue (variable "A") is calculated as 46,554,599,508 being all fully paid ordinary shares quoted on ASX as at the date of this Notice.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under Listing Rule 7.1.
- The issue of equity securities under the Additional Placement Capacity includes only Shares.
- The issue price of \$0.001 was the closing price of shares on ASX on 3rd October 2022.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- the time and date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- the time and date of LKO's next Annual General Meeting; or

- the time and date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2.
- To be clear, any approval of the Additional Placement Capacity at this Annual General Meeting will cease to be valid in the event that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.
- The Company may issue equity securities under the Additional Placement Capacity for cash consideration: to raise funds for the development of the Company's new and existing products and services, the acquisition of new assets or investments (including assets associated with such acquisition), to repay debt or to fund working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any equity securities under the Additional Placement Capacity.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue. The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the purpose of the issue;
- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from the Company's advisors.

As the Company has no current plans to undertake a new capital raising, the allottees under the Additional Placement Capacity have not yet been determined but if such an exercise was undertaken, allottees may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

LKO sought Additional Placement Capacity at its 2021 Annual General Meeting. During the 12 months preceding the date of this meeting, it issued 100% of its 10% placement capacity under Listing Rule 7.1A being 10% of the total number of shares on issued at the commencement of the 12-month period preceding this AGM. All 3,552,140,896 Shares utilising the full 10% additional placement capacity were issued on 2 February 2022 at \$0.0008 per Share raising \$2.84 million as part of the Prospectus Offer. Funds raised from the Prospectus Offer were used for working capital, drilling of the Wellesely-2 Gas Well, cost associated with the offer and Wellesley gas production flowline or resumption of Victorian exploration. As at the date of this Notice of Meeting, all of the funds raised under Listing rule 7.1A have been used.

A voting exclusion statement has been included in this Notice. However, as at the date of this Notice, the Company has not approached any particular existing Shareholders to participate in the issue of equity securities under the Additional Placement Capacity. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

When the Company issues equity securities pursuant to the Additional Placement Capacity, it will give to ASX a list of the allottees of the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Annual General Meeting.

Annual General Meeting Explanatory Statement means the explanatory statement accompanying the Notice of Annual General Meeting.

Annual General Meeting Proxy Form means the proxy form accompanying the Notice of Annual General Meeting.

Annual General Meeting Resolutions means the resolutions set out in the Notice of Annual General Meeting, or any one of them, as the context requires.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Lakes Blue Energy NL (ACN 004 247 214).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Note or **Convertible Note** means a security that is convertible into Shares.

Notice of Annual General Meeting means this notice of meeting including the Annual General Meeting Explanatory Statement and the Annual General Meeting Proxy Form.

Resolution means a resolution set out in the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Appendix A

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

The terms of the Convertible Notes on issue by the Company are:

| | |
|---|--|
| Issuer | Lakes Blue Energy NL ACN 004 247 214 |
| Convertible Note Issue | Convertible Notes to be issued by the Issuer pursuant to the Convertible Note Trust Deed. |
| Purpose | To finance the drilling of the Nangwarry well, general working capital and costs of the issue. |
| Issue Price | Face Value of \$0.0009 per Convertible Note |
| Conversion at Holders Election | Each Note is convertible at any time at the holder's election into one ordinary share of the Issuer (ASX: LKO). For clarity, a Noteholder may exercise conversion rights in relation to only some, or all, of their Notes at any time. |
| Term | Approx. 2 years |
| Maturity Date | 31 March 2023 |
| Security | Investors to be granted security over all assets of the Issuer in accordance with the terms of the Note Trust Deed |
| Security Ranking | The Convertible Notes will have first ranking security |
| Status | <p>The Notes are direct and secured debt obligations of the Company.</p> <p>Each Note ranks for payment in a Winding Up of the Company:</p> <ul style="list-style-type: none">(i) equally and proportionally with each Note; and(ii) ahead of all unsecured or subordinated debts of the Issuer and ordinary shareholders. |
| Coupon Rate | Interest of 15% p.a, paid half yearly in arrears on the Interest Payment Dates. Interest accrues from the date of issue of any Convertible Note. The first interest period may be a shorter or longer period. |
| Issue of Notes in lieu of Interest | <p>The Issuer may elect, at its discretion, to issue Notes (at the Issue Price and on the same terms and conditions as the Placement Notes) in lieu of any Interest due on an Interest Payment Date, and the issue of those Notes will be in full and final satisfaction of the Interest due and payable on that date.</p> <p>The number of Notes that will be issued will be so many Notes as is determined in accordance with the following formula:</p> $A = B/C$ <p>Where:</p> <p>A = the number of Notes to be issued in lieu of Interest payable on any Interest Payment Date,</p> <p>B = the amount of Interest due on the relevant Interest Payment Date, and</p> <p>C = \$0.0009 (being the Issue Price/Face Value per Note).</p> |
| Payment of Interest on Conversion | <p>If a Holder elects to Convert Notes:</p> <ul style="list-style-type: none">(i) on a date being an Interest Payment Date, the Company will pay to the Holder an amount of Interest being:<ul style="list-style-type: none">a. all Interest owing on that Interest Payment Date; andb. all accrued and unpaid Interest;(ii) on a day that falls between Interest Payment Dates, then because interest is payable in arrears, on the next Interest Payment Date |

immediately following the relevant Conversion Date, the Company will pay to the Holder an amount of Interest calculated in accordance with the following formula:

$$R = (I/180 \times MP)$$

Where

R = the amount of Interest to be paid by the Company;

I = the total amount of Interest which would have been payable to that Holder in respect of the relevant Notes on the Interest Payment Date following the Conversion Date, had the Notes not been Converted; and

MP = the number of days commencing on the Interest Payment Date which immediately preceded the date of Conversion and ending on the Conversion Date.

Adjustments to Conversion Ratio

Pro Rata Offer

If at any time prior to the earlier to occur of the Conversion, Redemption or Maturity Date of the Notes the Company makes a pro rata offer (excluding a bonus issue) to Shareholders, the Conversion Ratio will be adjusted using the formula as follows:

$$NR = OR + E[P - (S+O)]$$

N+1

Where:

NR = the new Conversion Ratio of the Notes.

OR = the old Conversion Ratio of the Note prior to the pro rata offer.

E = the number of shares into which one Note is convertible.

P = average market price per share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date.

S = the subscription price of a share under the pro rata issue.

O = the dividend due but not yet paid on the existing underlying shares (except those

to be issued under the pro rata issue).

N = the number of shares with rights or entitlements that must be held to receive a right to 1 new share.

Bonus Issue

If a bonus issue of shares is made by the Company, then the number of shares issued to each Holder on Conversion will be increased by the number of bonus shares that a Holder would have received if the Note had been exercised prior to the record date for the bonus issue and no change will be made to the Conversion Ratio.

Reorganisation of capital

The Company may only reorganise its capital:

- (i) in accordance with the Listing Rules; and
- (ii) if, in respect of the Notes, the number of Notes or the Face Value, or both, is reorganised so that the Holders will not receive a benefit that Shareholders do not receive.

Unless the Listing Rules require otherwise, the Conversion Ratio must be adjusted as follows:

- (1) Reduction in capital

If the issued capital of the Company is reduced, the entitlement of a Holder to convert its Notes to shares at the Conversion Ratio will be reduced in the same proportion and manner as the issued capital is so reduced (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the reduction of capital) but in all other respects the Conversion Rights will remain unchanged.

(2) Consolidation of capital

If the issued capital of the Company is consolidated, the entitlement of a Noteholder to convert its Notes to shares at the Conversion Ratio will be reduced in the same proportion and manner as the issued capital is so consolidated (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the consolidation of capital) but in all other respects the Conversion Rights will remain unchanged.

(3) Subdivision of capital

If the issued capital of the Company is subdivided, the entitlement of a Holder to convert its Notes to shares at the Conversion Ratio will be increased in the same proportion and manner as the issued capital is so subdivided (subject to any provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of the members of the Company approving the subdivision of capital) but in all other respects the Conversion Rights will remain unchanged.

Redemption

Repayment of Face Value and any unpaid interest at the Maturity Date in cash.

**Early Redemption
Takeover Event**

The Company may give a Redemption Notice in the event of a Takeover Event. Takeover Event means that if at any time on or before the Maturity Date, an off market bid, a market bid, scheme of arrangement, or offer or invitation is made to all holders of Ordinary Shares to purchase or otherwise acquire Ordinary Shares and the bid, scheme or offer becomes unconditional, and the offeror has at least 50% of the voting power (as defined by the Corporations Act) in the Company.

If the Company issues a Redemption Notice, and the Notes are not subsequently converted, then the Notes will be redeemed by the Company at 103% of their Face Value.

Notwithstanding the issue of a Redemption Notice, a Holder may give a Conversion Notice (which may be expressed to be subject to Takeover Event completing) in respect of any of its Notes which are the subject of the Redemption Notice up to the before the relevant Redemption Date (or such later time as the Company may agree with the relevant Holder), and only Notes for which Conversion Notices have not been so given or are treated as having not been given will be Redeemed on the specified Redemption Date.

**Early Redemption after
Twelve Months**

The Company may issue an Early Redemption Notice to Noteholders at any time after 31 December 2020 specifying a Redemption Date no earlier than 15 days after the date of the Early Redemption Notice. If the Company issues an Early Redemption Notice, and the Notes are not subsequently converted, then the Notes will be redeemed by the Company at 103% of their Face Value.

Notwithstanding the issue of a Early Redemption Notice, a Holder may give a Conversion Notice in respect of any of its Notes which are the subject of the Redemption Notice up to the before the relevant Redemption Date (or such later time as the Company may agree with the relevant Holder), and

only Notes for which Conversion Notices have not been so given or are treated as having not been given will be Redeemed on the specified Redemption Date.

Events of Default

Customary events of default are to be incorporated in the formal transaction documents, including but not limited to payment, redemption or conversion breaches, cross defaults, suspension from trading for more than 10 days and insolvency events.

No Dividends

No dividends may be declared or paid whilst the Convertible Notes are on issue.

Investor Eligibility

The Notes are being offered to 'sophisticated investors', 'professional investors' (under the Corporations Act) and investors who are exempt to disclosure requirements.

ASX Listing

The Notes will not be listed on ASX

Note Trustee & Security Trustee

Centec Securities Pty Ltd ACN 007 281 745



Lakes Blue Energy NL
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

Lakes Blue Energy NL Annual General Meeting

The Lakes Blue Energy NL Annual General Meeting will be held on Friday, 25 November 2022 at 2:00pm (AEDT). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

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

For your proxy appointment to be effective it must be received by 2:00pm (AEDT) on Wednesday, 23 November 2022.



ATTENDING THE MEETING IN PERSON

The meeting will be held at:
Piper Alderman, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.



Lakes Blue Energy NL
ABN 62 004 247 214

LKO

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

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00pm (AEDT) on Wednesday, 23 November 2022.**

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 attend 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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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 Blue Energy NL 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 Annual General Meeting of Lakes Blue Energy NL to be held at Piper Alderman, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW 2000 on Friday, 25 November 2022 at 2:00pm (AEDT) 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 Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is 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 Resolution 1 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 show of hands or a poll and your votes will not be counted in computing the required majority.

| | | For | Against | Abstain | | | For | Against | Abstain |
|--------------|--|--------------------------|--------------------------|--------------------------|---------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 8 | Approval to Issue Convertible Notes - Roland Sleeman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-Election of Mr. Richard Ash | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 9 | Issue of New Shares - Richard Ash | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Ratification of Prior Issue - Shares (LR 7.1) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 10 | Issue of New Shares - Roland Sleeman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Ratification of Prior Issue - Convertible Notes (LR 7.1) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 11 | Issue of New Shares - Nicholas Mather | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval to Issue Convertible Notes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 12 | Approval for Additional Share Placement Capacity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Approval to Issue Convertible Notes - Samuel Capital | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Resolution 7 | Approval to Issue Convertible Notes - Sleeman Family Super | <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

