

AGM 27th November 2009



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-third Annual General Meeting of Lakes Oil N.L. will be held on **Friday 27th November 2009 at 10:30 AM, at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne.**

BUSINESS

1. Accounts & Reports

To consider the Annual Financial Report of the Company and the related reports of the Directors and Auditors for the year ended 30th June 2009.

2. Re-election of Mr Peter B Lawrence as a Director

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

"That Mr Peter B Lawrence, a Director retiring in accordance with Article 56.1 of the Company's Constitution, and being eligible and having offered himself for re-election, be re-elected a Director of the Company."

3. Adopt the Remuneration Report for the year ended 30th June 2009

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

"That the remuneration report section of the Directors' Report for the Company for the year ended 30th June 2009 be adopted."

4. Approval of Previous Issue of Shares

In accordance with Listing Rule 7.4 to consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the issue by the Company of 200,000,000 fully paid ordinary shares as set out in the Explanatory Memorandum accompanying this Notice of Meeting be approved."

5. Proposed Issue of Partly Paid Shares to Mr Robert J Annells

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

"That for the purposes of ASX Listing Rule 10.11 the company approve the issue of 75,000,000 partly paid shares to Mr Annells for the consideration and subject to the terms of the issue as set out in the accompanying Explanatory Memorandum.

6. Proposed Issue of Partly Paid Shares to Mr Barney I Berold

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

"That for the purposes of ASX Listing Rule 10.11 the company approve the issue of 25,000,000 partly paid shares to Mr Berold for the consideration and subject to the terms of the issue as set out in the accompanying Explanatory Memorandum.

7. Proposed Issue of Partly Paid Shares to Mr Peter B Lawrence

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

"That for the purposes of ASX Listing Rule 10.11 the company approve the issue of 25,000,000 partly paid shares to Mr Lawrence for the consideration and subject to the terms of the issue as set out in the accompanying Explanatory Memorandum.

8. Proposed Issue of Partly Paid Shares to Mr James H Y Syme

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

"That for the purposes of ASX Listing Rule 10.11 the company approve the issue of 25,000,000 partly paid shares to Mr Syme for the consideration and subject to the terms of the issue as set out in the accompanying Explanatory Memorandum.

By order of the Board

Raymond E South
Company Secretary

27 October 2009

Voting Exclusion Statement

In relation to the resolutions referred to below, the Chairman will disregard any votes cast on the resolution by or on behalf of any person specified below in relation to that resolution and an associate of any such person when determining the results of the resolution except if:

- the vote is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the Chairman as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4: Each of the persons who participated in the issue of shares.

Resolution 5 : All Directors.

Resolution 6 : All Directors

Resolution 7 : All Directors.

Resolution 8 : All Directors

Proxies and Other Information

A Member who is entitled to attend and vote at the meeting has a right to appoint a proxy. The proxy need not be a Member of the Company. If a Member is entitled to cast two or more votes at the meeting, that Member may appoint two proxies and may specify the proportion of the votes that each proxy is appointed to exercise. Where two proxies are appointed, but the appointments do not specify the proportion of votes, which each proxy may exercise, each proxy may exercise half of the votes (fractions being disregarded). Documents appointing a proxy may be lodged by being posted to **Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001**. Alternatively, those documents may be faxed to the Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

An appointment of a proxy will not be valid unless the proxy's appointment, and (if relevant) the Power of Attorney or other authority under which it is signed (or a certified copy of that power or authority), are received by the Company at its registered office, or at one of the addresses or the fax number set out above, at least 48 hours before the meeting.

In accordance with the Corporations Act, the Directors have determined that, for the purposes of the meeting all shares in the Company are to be taken as being held by the persons who held them at 7.00pm (as defined in the SCH Business Rules) on Wednesday 25th November 2009, being the second last trading day prior to the meeting. For the purposes of the meeting transfers registered after that time will be disregarded. This determination applies to all shares which are quoted shares at the specified time.

EXPLANATORY MEMORANDUM

Resolution 2: RE-ELECTION OF MR PETER B LAWRENCE

In accordance with the ASX Listing Rules and Article 56.1 of the company's Constitution, Mr Lawrence retires by rotation and, being eligible, offers himself for re-election as a Director. Mr. Lawrence is a former member of the Australian Stock Exchange with over 30 years experience as a Stockbroker and is presently Chairman of the company's Audit Committee. He has been a Director of the company since 2000.

Resolution 3: REMUNERATION REPORT - NON BINDING RESOLUTION

Under the Corporations Act, a listed entity is required to put to the vote a resolution that the remuneration report section of the Directors' report be adopted. This remuneration report can be found in the 2009 Annual Report at pages 17 to 21. It sets out a range of matters relating to the remuneration of directors and senior managers of the Company. A vote on the Remuneration Report is advisory only and does not bind the directors of the company..

Resolution 4: APPROVAL OF PREVIOUS ISSUE OF SHARES

ASX Listing Rule 7.1 restricts the number of securities which a listed company may issue in any twelve month period without the approval of shareholder to 15% of the number of shares on issue at the start of the period, subject to certain adjustments and permitted exceptions. The approval of this resolution will enable the Company at any time in the next 12 months to issue up to the maximum extent permitted without further reference to shareholders and without the shares described below counting towards this. Approval is sought for the issue of 200,000,000 shares at an issue price of 0.5 cents (which was appropriate to the market price at that time) as announced to ASX on 23 June 2009. The shares were issued to Advance Publicity, 20,000,000, Jojo Enterprises Pty Ltd, 120,000,000, Penleigh Banner Pty Ltd, 40,000,000, Somnus Pty Ltd, 10,000,000 and Pacific Nominees Ltd, 10,000,000. The funds raised in total was \$1 million which was raised for the purposes of supporting the company's drilling program.

Resolution 5: PROPOSED ISSUE OF PARTLY PAID SHARES TO MR ROBERT J. ANNELLS

Mr Annells, through a company associated with him, Arc de Triomphe Securities Pty Ltd, is engaged as the Executive Chairman of the Company. For the year ended 30 June 2009, it received a cash fee of \$420,000 excluding GST plus superannuation \$2,250. He also received "non monetary benefits" of \$125,076 which refers to the assumed value of the options which are about to expire. Arc de Triomphe Securities Pty Ltd was engaged on the basis of a service agreement which expired in 2003, and is currently engaged on similar terms on a month by month basis. Mr Annells presently has a direct and indirect interest in 79,237,259 shares. All options held by Mr Annells have exercise prices of 5 cents and 7.14 cents each and are expiring on 17 November 2009.

As announced to ASX on 12 October 2009, shareholder approval is sought for the issue to Mr Annells of 75,000,000 shares in the Company on the same terms as employees on the following terms:

Fully paid value of the shares - 1.5 cents

Amount per share to be paid on issue of the shares - 0.1 cents. This is an amount of \$75,000.

Amount remaining to be paid to fully pay the shares - 1.4 cents. This is an amount of \$1,050,000.

If the unpaid amount is not paid then the partly paid shares are forfeited, but the holder does not remain liable to pay the unpaid amount. If not fully paid up within 5 years, the shares will be cancelled. The terms and conditions of the shares are **attached** and are consistent with those announced to ASX on 12 October 2009.

The proposed total number of shares to be issued to Mr Annells as partly paid represents 1.36% of the total shares on issue. The price of the shares at fully paid value is at a premium to the market price of 1.1 cents of 36.4%. The partly paid shares will be issued no later than 1 month after the date of the meeting. Funds raised will be used for working capital purposes.

The Directors (other than the Chairman) consider that the proposed share issue is reasonable given the circumstances of the Company and Mr Annells, including the responsibilities involved in his position as Executive Chairman without the Company having appointed a Managing Director, the fact that Mr Annells will shortly have no incentive based remuneration, and the valuation set out below.

The Company has obtained an independent valuation of the proposed partly paid shares in accordance with the requirements of the Australian Securities and Investments Commission and consistent with AASB 2(2). The valuation model has been determined on a Black-Scholes basis and takes into account the following valuation factors as well as other factors such as share price, exercise price, risk free cost of capital, dividend yield, expected life and volatility.

The value of the Partly Paid Shares depends on the market price. In the case of Mr Annells shares:

Market Price (cents)	Valuation per share	Valuation of 75,000,000 shares
1	.553	\$414,750
1.1	.636	\$477,000
1.2	.720	\$540,000

Resolutions 6 to 8: PROPOSED ISSUE OF PARTLY PAID SHARES TO EACH OF MESSRS BEROLD, LAWRENCE AND SYME

As announced to ASX on 12 October 2009, it is proposed to issue 25 million partly paid shares to each of the three non-executive Directors on the same terms and conditions as employees and those proposed to be issued to Mr Annells.

Each of the non executive directors presently receive directors fees of \$25,000 per annum plus superannuation of \$2,250. The remuneration was raised to \$50,000 per annum including superannuation at the last Board Meeting. Messrs Berold and Syme do not hold any options. Mr Lawrence also received "non monetary benefits" of \$52,773 which refers to the assumed value of his options which are about to expire. All options held by Mr Lawrence have exercise prices of 5 cents and 7.14 cents each and are expiring on 17 November 2009.

Shareholder approval is sought for the issue to each non-executive Director of 25 million shares each in the Company on the following terms:

Fully paid value of the shares - 1.5 cents

Amount per share to be paid on issue of the shares - 0.1 cents. This is an amount of \$25,000 per director.

Amount remaining to be paid to fully pay the shares - 1.4 cents. This is an amount of \$350,000 per director.

If the unpaid amount is not paid by 30 September 2014 then the partly paid shares are forfeited, but the holder does not remain liable to pay the unpaid amount. The terms and conditions of the shares are **attached** consistent with those announced to ASX on 12 October 2009.

The proposed total number of partly paid shares to be issued to each Director represents 0.45% of the total shares on issue (1.35% in aggregate). The price of the shares at fully paid value is at a premium to the market price of 1.1 cents of 36.4%. The partly paid shares will be issued no later than 1 month after the date of the meeting. Funds raised will be used for working capital purposes.

The Chairman considers that the proposed partly paid share issue is reasonable given the circumstances of the Company and the Directors, considering the responsibilities undertaken by a small Board and management team. This is also a method of providing remuneration to Directors that does not adversely impact on the cash flow of the company.

The value of the Partly Paid Shares depends on the market price as in the case of Mr Annells shares:

Market Price (cents)	Valuation per share	Valuation of 75,000,000 shares
1	.553	\$138,250
1.1	.636	\$159,000
1.2	.720	\$180,000

Lakes Oil NL

Terms and Conditions of Partly Paid Shares

1. Each partly paid share (PPS) in the Company is issued at 1.5 cents and is paid up to 0.1 cents per PPS, with the unpaid amount being 1.4 cents (*Unpaid Amount*).
2. Subject to paragraph 3, the Unpaid Amount is payable on 30 September 2014.
3. If any of the circumstances described below occurs, the Company will promptly make a call for the Unpaid Amount, then:
 - (a) if the holder (or in the case of a corporate holder, its principal) is an officer or employee of the Company, the holder (or its principal) ceases to be an officer or employee of the Company for any reason whatsoever except by reason of death, the Unpaid Amount is payable on the date 90 days after the call is made;
 - (b) if the holder (or in the case of a corporate holder, its principal) is an officer or employee of the Company, the holder (or its principal) ceases to be an officer or employee of the Company by reason of death, the Unpaid Amount is payable on the date 12 months after the call is made;
 - (c) a takeover bid within the meaning of the Corporations Act is made for the Company and the bidder becomes entitled to become the registered holder of at least 50% of the ordinary shares during the bid period, the Unpaid Amount is payable on the date 12 business days after the call is made;
 - (d) a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company, the Unpaid Amount is payable on the date 12 business days after the call is made; or
 - (e) the Directors declare a dividend, the Unpaid Amount is payable 12 business days after the call is made.

To avoid any doubt, if the Unpaid Amount becomes payable on a particular date, the Unpaid Amount is not also payable at any future date due to the operation of any other part of paragraphs 2 or 3.
4. The Company will provide written notice to the holder of PPS of the making of a call at least 10 business days prior to the Unpaid Amount becoming due and payable in accordance with the Constitution and the Corporations Act.
5. Any PPS upon which a call is unpaid at the end of 14 days after the due day for its payment is forfeited and will be dealt with further in accordance with the terms of the Constitution and the Corporations Act. To avoid any doubt, other than the forfeiture of such shares, a holder of PPS is not liable to pay calls in respect of the Unpaid Amount.
6. The Unpaid Amount on the PPS can be paid at any time in advance of when it is payable. On advance payment of the Unpaid Amount, the Company will promptly extinguish the liability on the relevant PPS in accordance with the Constitution and the PPS will then immediately become fully paid ordinary shares.
7. On receipt by the Company of full payment of the Unpaid Amount following a call, the relevant PPS will become fully paid ordinary shares.
8. The Company will dispatch an acknowledgement of the PPS becoming fully paid ordinary shares as soon as is reasonably practicable and, provided its fully paid ordinary shares are at that time listed on ASX, the Company shall apply for the shares to be listed on ASX within 10 business days of the PPS becoming fully paid.
9. PPS which have become fully paid ordinary shares will rank equally in all respects with the then issued ordinary fully paid shares in the capital of the Company and will continue to be subject to the provisions of the Constitution.
10. In the event of a bonus issue of shares, the number of shares a holder of a PPS will be entitled to (as compared with a holder of ordinary shares) will be adjusted proportionally in accordance with the proportion paid up on the PPS.
11. If any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the PPS become fully paid, the number of PPS to which the holder is entitled and the amount unpaid on the PPS will be adjusted proportionally such that the holder of the PPS has no advantage or disadvantage resulting from the reorganization (other than due to rounding up) and such that there is no cancellation or reduction of the Unpaid Amount.
12. To avoid any doubt, a holder of PPS will be entitled to participate equally in issues of capital offered to holders of fully paid ordinary shares, and to avoid any doubt there is to be no adjustment made (proportional or otherwise) in relation to the amount unpaid on the PPS.
13. The PPS will not be listed on the ASX and may not be assigned or transferred without the consent of the Company, and the Company may apply a holding lock to the PPS in this regard.
14. Holders of PPS will be entitled to vote at a general meeting of the Company, unless a call has been made and remains outstanding. On a poll, each holder of a PPS will be entitled to a fraction of a vote for each PPS equivalent to the proportion which the amount paid up bears to the total issue price.
15. Holders will be entitled to participate equally in any dividends declared by the Company in proportion to the number of PPS held by them, and to avoid any doubt there is to be no adjustment made (proportional or otherwise) in relation to the amount unpaid on the PPS.
16. Holders of PPS will be entitled to distributions on any winding up of the Company in accordance with the Corporations Act.
17. If there is any inconsistency between these terms and any of the Constitution, the Corporations Act or the Listing Rules, the provisions of the Constitution, the Corporations Act or the Listing Rules (as the case may be) prevail.



LAKES OIL N.L.

(ABN 62 004 247 214)

Lodge your vote:



By Mail:

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

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

Proxy Form

For your vote to be effective it must be received by 10.30am (AEDT) Wednesday 25 November 2009

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 as they choose. 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

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.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:



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

☐

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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Lakes Oil 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, as the proxy sees fit) at the Annual General Meeting of Lakes Oil NL to be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne Victoria on Friday, 27 November 2009 at 10.30am (AEDT) and at any adjournment of that meeting.

Important for Item/s 5 to 8: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item/s 5 to 8 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item/s 5 to 8 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item/s 5 to 8 of business.

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I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

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.

ORDINARY BUSINESS

	For	Against	Abstain
Item 2 Re-election of Mr Peter B Lawrence as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Proposed Issue of Partly Paid Shares to Mr Robert J Annells	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Proposed Issue of Partly Paid Shares to Mr Barney I Berold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Proposed Issue of Partly Paid Shares to Mr Peter B Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 Proposed Issue of Partly Paid Shares to Mr James H Y Syme	<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.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____



LAKES OIL N.L.

(ABN 62 004 247 214)

Dear Securityholder,

We have been trying to contact you in connection with matters arising from your securityholding in Lakes Oil NL. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notice of meeting.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Security Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Raymond South
Company Secretary