



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-sixth Annual General Meeting of Lakes Oil N.L. will be held on **Tuesday 27th November 2012 at 10:30AM (AEDT), 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 2012.

2. Re-election of Mr Barney I. Berold as a Director

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

"That Mr Barney I. Berold, a Director retiring by rotation 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 2012

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 2012 be adopted."

4 Approval of 10 % Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution;

"That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the issued capital of the Company calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum, be approved."

By order of the Board

Leslie Smith
Company Secretary

19th October 2012

NOTES:

Entire Notice: The details of the resolutions contained in the Explanatory Memorandum accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.

Voting Exclusion Statements:

Resolution 3

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Resolution 4

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Shares, and any associate of such person.

However, the Company need not disregard a vote if the vote is cast as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or if the vote is cast by the Chairman for a person who is entitled to vote in accordance with a direction on the proxy form.

HOW TO VOTE:

To vote on the Resolutions to be put to the Meeting follow these steps:

- EITHER** 1. Complete and return the proxy form by following the instructions set out below by not later than 10:30AM (AEDT) Sunday 25th November 2012.
- OR** 2. Attend the Meeting.

The sending of a proxy form will not prevent you from attending and voting at the Meeting.

Proxies and Other Information

A Shareholder who is entitled to attend and vote at the meeting has a right to appoint a proxy. The proxy need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes at the meeting, that Shareholder 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).

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice of Meeting. The Key Management Personnel of the Company and their closely related parties will not be able to vote your proxy on Resolution 3 unless you direct them how to vote. If you intend to appoint a member of the Key Management Personnel as your proxy, please ensure that you direct them how to vote on Resolution 3. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him or her to vote by either marking the box for any or all of the Resolutions or by marking the Chairman's box on the proxy form (in which case the Chairman of the meeting will vote in favour of all items of business). Note that if a proxy is not directed and you appoint the Chairman of the meeting, you will be deemed to be giving the Chair of the Meeting your express authority to vote as he/she sees fit.

A Proxy Form accompanies this Notice of Annual General Meeting and to be effective must be received at the Lakes Oil NL Share Registry:

- (a) **by mail or in person** to Computershare Investor Services Pty Limited:
by mail: GPO Box 242, Melbourne Victoria 3001 (a reply paid envelope is enclosed)
in person: Yarra Falls, 452 Johnston Street, Abbotsford Victoria 3067
- (b) **by Facsimile to:** Computershare Investor Services Pty Limited
1800 783 447 (within Australia)
(+61 3) 9473 2555 (outside Australia)
- (c) **online at:** www.investorvote.com.au
To use this facility please follow the instructions on your enclosed Proxy form
- (d) **online for Intermediary Online Users only at:** www.intermediaryonline.com

by no later than **10.30AM** (AEDT) on Sunday 25th November 2012.

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 are registered as holding them at 10:30AM (AEDT) on 25th November 2012, being the second last 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.

Definitions:

ASX means ASX Limited.

Company means Lakes Oil NL.

closely related parties are defined in the Corporations Act to include the spouses, dependants, certain other close family members of the members of Key Management Personnel as well as any companies controlled by such a member.

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

Key Management Personnel means those persons described as such in the Remuneration Report.

Shares means fully paid ordinary shares in the capital of the Company.

EXPLANATORY MEMORANDUM

The information in this document relates to the resolutions to be considered at the Annual General Meeting (AGM) of Shareholders of the Company to be held on 27th November 2012. The Explanatory Notes should be read in conjunction with the Notice of Meeting and form part of the Notice of Meeting.

CHANGES IN BOARD COMPOSITION

The company advises that two directors, Mr. Peter B. Lawrence and Mr. James H.Y. Syme, who in accordance with the ASX Listing Rules and Article 56.1 of the company's constitution would have been required to retire by rotation have decided not to offer themselves for re-election, although being eligible to do so. It is their intention to retire from the Board immediately after the Annual General Meeting. The Board, on behalf of the company expresses its thanks to both Mr Lawrence and Mr Syme for their outstanding contribution over many years.

Item 1. FINANCIAL REPORT

The Company's annual report for 2012 (which includes the financial report, the directors' report and the auditor's report, together called the "Reports") will be presented to the meeting. As permitted by the Corporations Act, a printed copy of the annual report has been sent only to those Shareholders who have elected to receive a printed copy. There is no requirement either in the Corporations Act or the Constitution for Shareholders to approve these Reports.

Shareholders will be given a reasonable opportunity at the AGM to ask questions and make comments on these Reports. The auditor will be available to receive questions and comments from members about the preparation and content of the auditor's report and the conduct of the audit.

Any Shareholder entitled to cast a vote at the AGM may submit written questions to the auditor if the Shareholder gives the question to the Company before the meeting.

Item 2. RE-ELECTION OF MR BARNEY I. BEROLD

In accordance with the ASX Listing Rules and Article 56.1 of the company's Constitution, Mr Berold retires by rotation and, being eligible, offers himself for re-election as a Director. Mr. Berold is an investment banker previously with a major European-based banking group. Appointed to the board on 21st February 2007, he has had considerable experience in corporate finance advising on strategy, mergers and acquisitions, and funding. He is a former Stockbroker, and served on the boards of The Stock Exchange of Melbourne as well as the Australian Stock Exchange. Mr. Berold is a member of the Audit Committee of Lakes Oil N.L. During the past three years Mr. Berold has not held any other listed company directorships.

Item 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 2012 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. During this item of business, shareholders will have the opportunity to comment on and ask questions about the remuneration report.

Shareholders may be aware of the recent amendment to the Corporations Act to include a 'two strikes' rule in relation to remuneration reports. Briefly, if at least 25% of votes are cast against the resolution at two consecutive annual general meetings, this rule requires that a 'board spill resolution' be put to shareholders. If the board spill resolution is passed, the Company is required to hold a further meeting of shareholders within 90 days to consider replacing those directors (other than the managing director) in office at the time the remuneration report was approved by the board. The board spill resolution will only be triggered where both strikes occur after 1st July 2011. On this basis, while votes on the Remuneration Report at this Annual General Meeting will be counted towards the two strikes, the first board spill can only potentially occur following the Company's 2013 Annual General Meeting.

Item 4. APPROVAL OF 10% PLACEMENT FACILITY

Background

Listing Rule 7.1A enables eligible entities, subject to shareholder approval by way of a special resolution, to issue up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement facility is in addition to the company's 15% placement capacity under Listing Rule 7.1

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution (which requires approval of 75% of the votes cast by Shareholders) to have the ability to issue Equity Securities under the 10% Placement Facility. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid Shares.

The exact number of Equity Securities to be issued under the 10% Placement facility will be determined in accordance with the formula prescribed in the Listing Rule 7.1A.2 (refer to the section below)

The company continues actively seeking to acquire more capital and may use the 10% Placement Facility to acquire this capital.

As at the date of this Notice of Meeting, the Company has 6,932,128,039 Shares in issue and therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it has the capacity to issue:

- 1,039,819,205 Shares under Listing Rule 7.1; and
- subject to shareholder approval being obtained under Resolution 4, 693,212,804 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

Minimum issue price

In accordance with Listing Rule 7.1A, Shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the Shares is agreed; or
- the issue date (if the Shares are not issued within five trading days of the date on which the issue price is agreed).

Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this AGM until the earlier to occur of:

- 12 months after the date of the AGM; and
- the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the AGM.

Dilution to existing shareholdings

If Resolution 4 is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result. Further, as the market price of the Company's Shares may be significantly lower on the issue date than on the date of AGM approval, and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100%, and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of this Notice of Meeting.

Item 4. APPROVAL OF 10% PLACEMENT FACILITY (cont.)

Dilution table

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution table		
		\$0.0015 50% decrease in Issue Price	\$0.0030 Issue Price	\$0.0060 100% increase in Issue Price
Current 6,932,128,039 Shares	Number of Shares	693,212,804	693,212,804	693,212,804
	Funds raised	\$1,039,819	\$2,079,638	\$4,159,277
50% increase 10,398,192,059 Shares	Number of Shares	1,039,819,206	1,039,819,206	1,039,819,206
	Funds raised	\$1,559,729	\$3,119,458	\$6,238,915
100% increase 13,864,256,078 Shares	Number of Shares	1,386,425,608	1,386,425,608	1,386,425,608
	Funds raised	\$2,079,638	\$4,159,277	\$8,318,554

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur:

- (a) the Company issues the maximum number of Shares available under the 10% Placement;
- (b) any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue. However, a 15% placement under Listing Rule 7.1 does not increase variable "A" for the purposes of calculating the placement capacity under Listing Rule 7.1A;
- (c) the table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (d) the table does not show the dilution that may be caused to any particular Shareholder by reason of placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the AGM. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing variable "A"; and
- (e) the current Share price is assumed to be \$0.003, being the Share price on 18th October 2012 immediately prior to finalising this Notice of Meeting.

Purpose of the 10% Placement

The Company may seek to issue Shares under the 10% Placement for either:

- a cash issue price. In this case, the Company may use the funds for working capital or for other corporate purposes; or
- non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing shareholders can participate;
- the effect of the issue of the Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of this Notice of Meeting and may include existing substantial Shareholders and/or new Shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval.

Item 4. APPROVAL OF 10% PLACEMENT FACILITY (cont.)

Voting exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of the notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to participate in the issue of the Shares. No existing Shareholder's vote will therefore be excluded under the voting exclusion in the Notice of Meeting.

Previous approval

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

For personal use only



LAKES OIL N.L.

(ABN 62 004 247 214)

Lodge your vote:



Online:

www.investorvote.com.au



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

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Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:



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

For your vote to be effective it must be received by 10:30am (AEDT) on Sunday, 25 November 2012

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 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.

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.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

☐

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 N.L. hereby appoint

☐

the Chairman
of the Meeting OR



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lakes Oil N.L. to be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne on Tuesday 27th November 2012 at 10:30AM (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 Item 3 (except where I/we have indicated a different voting intention below) even though Item 3 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 Item 3 by marking the appropriate box in step 2 below.

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
Item 2	Re-election of Mr Barney I. Berold as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Adopt the Remuneration Report for the year ended 30th June 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of 10 % Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available 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 / /
