

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Lakes Oil NL

ABN

62 004 247 214

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Listed Unsecured Converting Notes (Notes) pursuant to a non-renounceable rights issue (ASX code - LKOGB) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 710,000 Notes  |

## Appendix 3B

### New issue announcement

---

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Listing Unsecured Converting Notes at an issue price of \$10 per Note:

- Interest is payable half yearly at the rate of 50 cents per Note immediately following each Interest Payment Date (30 November 2016, 31 May 2017, 30 November 2017 and 31 May 2018).
- The Maturity Date (when conversion into fully-paid ordinary shares occurs) is 31 March 2018. However, each holder can elect to convert Notes earlier at any of the prior Interest Payment Dates. Notes will also convert early in the case of a change in control. The Notes are not redeemable by the company.
- Each Note converts into 9,091 shares. However, if the 30 Day Average Closing Share Price prior to the Maturity Date is less than 0.11 cents, the number of shares received on conversion for each Note will be increased to a maximum of 10,000 shares on the basis of an Uplift Factor formula (having regard to the 30 Day Average Closing Share Price with a minimum price of 0.10 cents) as set out in the Prospectus dated 30 June 2016. This Uplift Factor increase only applies if conversion occurs on the Maturity Date.

Refer to the Prospectus dated 30 June 2016 for further details.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>The Notes (until conversion) do not rank equally with an existing class of quoted securities. However, the shares issued on conversion will rank equally with all other fully paid ordinary shares (refer to item 3 for further details regarding conversion of Notes).</p> <p>The Notes do not (until conversion) confer on holders of Notes any right as a shareholder or member of the company (including dividend rights). The Notes will bear interest as set out in item 3 above.</p> <p>For further details, refer to the Prospectus dated 30 June 2016.</p>
<p>5 Issue price or consideration</p>	<p>\$10.00 per Note</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The intended use of funds from the offer is for working capital purposes as well as exploration and research activities and loan repayment. Further details are set out in the Prospectus.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>23 November 2015</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>128,166,166</p>

**Appendix 3B**  
**New issue announcement**

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	710,000 Notes
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Nil
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Nil
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	1,641,094,289 (Listing rule 7.1) 1,179,507,303, (Listing rule 7.1A) = 2,820,601,592
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	12 August 2016

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	11,865,239,705	Fully paid ordinary shares
	349,322	Listed Unsecured Converting Notes (LKOGA - existing)
	Up to 710,000	Listed Unsecured Converting Notes the subject of this issue (LKOGB)

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	58,000,000	Options exercisable at 0.5 cents each expiring on 8 January 2021

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not presently have a dividend policy.
---	--

## Part 2 - Pro rata issue

11 Is security holder approval required?	Shareholder approval is not required for the offer
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 Note for every 20,000 Entitlement Securities held. Entitlement Securities comprise existing issued shares, together with existing LKOGA Converting Notes multiplied by a conversion factor of 6,667.
14 +Class of +securities to which the offer relates	Issue of Notes offered to holders of Entitlement Securities
15 +Record date to determine entitlements	7pm (Melbourne time) on 14 July 2016

**Appendix 3B**  
**New issue announcement**

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest Note, with a minimum \$500 entitlement and subscription
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.</small>  <small>Cross reference: rule 7.7.</small>	All countries other than Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	5pm (Melbourne time) on 5 August 2016
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	The company will pay a brokerage fee of 5% (including acceptances of shareholder entitlements, shortfall applications by shareholders or general shortfall applications)
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	The Prospectus will be sent to holders of Entitlement Securities on 18 July 2016

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	<sup>+</sup> Issue date	12 August 2016

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a)  <sup>+</sup>Securities described in Part 1

(b)  All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-



---

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

--

42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:           Date: 30 June 2016  
                          Company Secretary  
Print name:         Leslie Smith

== == == == ==

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	11,248,638,039
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <span style="float: right;">364,435,000</span></li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <span style="float: right;">-</span></li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period <span style="float: right;">182,000,000</span></li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	11,795,073,039

**Appendix 3B**  
**New issue announcement**

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	1,769,260,955
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>58,000,000 unlisted options over fully paid ordinary shares exercisable at 0.5 cents each expiring 8 January 2021. Issued 8 January 2016</p> <p>70,166,666 fully paid ordinary shares issued to CEO and another staff member as part of their remuneration packages.</p>
<b>“C”</b>	128,166,666
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	1,769,260,955
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	128,166,666
<b>Total [“A” x 0.15] – “C”</b>	1,641,094,289 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	11,795,073,039
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	1,179,507,303
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	Nil

Appendix 3B  
New issue announcement

---

**Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A**

“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	1,179,507,303
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> [“A” x 0.10] – “E”	1,179,507,303 <i>Note: this is the remaining placement capacity under rule 7.1A</i>