



LAKES OIL N.L.

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21 December 2018

Dear Security Holder,

Notification of non-renounceable entitlement issue – eligible to participate

On 19 December 2018, Lakes Oil N.L. (**Company**) announced a non-renounceable entitlement issue of fully paid ordinary shares (**Entitlement Offer**). An offer document setting out the terms and conditions of the Entitlement Offer was lodged with ASX Limited (**ASX**) on 19 December 2018 (**Offer Document**) and will be sent to all eligible security holders together with a personalised Entitlement and Acceptance Form on 2 January 2019.

This letter gives security holders brief details of the Entitlement Offer, certain information required under the ASX Listing Rules, proposed use of funds and the important dates of the Entitlement Offer. The Entitlement Offer is non-renounceable which means that rights cannot be traded or sold.

The Entitlement Offer is only open to eligible security holders whose registered address is in Australia, New Zealand or Papua New Guinea at 7.00pm (AEDT) on 27 December 2018.

The Company has determined that it would be unreasonable to make offers under the Entitlement Offer to all security holders with addresses outside of Australia, New Zealand or Papua New Guinea (**Ineligible Security Holders**) having regard to the Company's current shareholding and the costs of complying with legal and regulatory requirements in those jurisdictions. Accordingly, the Entitlement Offer is not being extended to Ineligible Security holders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Entitlement Offer.

If you hold shares in the Company as nominee or custodian of an Ineligible Security Holder(s), the Company requests you not to:

- (a) send any Offer Document to Ineligible Security Holders; and
- (b) submit any Entitlement or Acceptance Form for the Entitlement Offer or otherwise purchase shares under the Offer Document on behalf of any such Ineligible Security Holder.

The proceeds of the Entitlement Offer will be used to fund exploration costs, litigation proceedings against the Victorian Government and on-going working capital expenses (including the Costs of the Offer itself).

Details of the Entitlement Offer are as follows:

Type of issue	Non-renounceable entitlement issue of fully paid ordinary shares (Shares) of 1 Share for each 5 Shares held.
Issue price	\$0.001 (0.1 cent) per Share.
Number of shares to be issued	Up to 6,129,095,028 Shares.
Amount to be raised	Up to \$6,129,095.
Rights Trading of Entitlement	Entitlements to subscribe for Shares cannot be traded or sold.
Additional Shares and shortfall	Eligible security holders can apply for additional Shares in excess of their entitlement. Additional Shares will be allocated in accordance with the allocation policy set out in the Offer Document. Any entitlement and additional Shares not taken by eligible security holders will form part of the shortfall. The directors of the Company reserve the right to place the shortfall Shares at their absolute discretion.
Listing	The Company has applied to ASX for quotation of the Shares.

Key indicative dates*

Announcement of Offer	19 December 2018
Lodgement of Cleansing Notice, Offer Document and Appendix 3B with ASX	19 December 2018
Notice sent to security holders	21 December 2018
Ex Date	24 December 2018
Record Date for determining entitlements	27 December 2018
Offer Document despatched to eligible security holders and Company announces despatch has been completed	2 January 2019
Closing Date	1 February 2019
Shares quoted on a deferred settlement basis	4 February 2019
ASX notified of under subscriptions	6 February 2019
Issue date	8 February 2019

**The above timetable is indicative only and subject to change.*

Full details of the terms and conditions of the Entitlement Offer are contained in the Offer Document which is available on the ASX website <http://www.lakesoil.net.au> by searching under the ASX Code "LKO."

Yours faithfully



Chris Tonkin

Non-Executive Chairman
Lakes Oil N.L