



**OFFER DOCUMENT
ENTITLEMENT ISSUE
LAKES OIL NL
ACN 004 247 214**

This Offer is for a non-renounceable entitlement issue of one ordinary fully paid share (**Share**) in Lakes Oil NL (the **Company**) for each five Shares held by Eligible Security Holders at the Record Date at an issue price of \$0.001 (0.1 cent) per Share to raise up to \$6,129,095 (before costs). Eligible Security Holders may also apply for Shortfall Shares under the Shortfall Offer. The Offer is not underwritten.

This Offer is made on the terms and conditions set out in this Offer Document and the accompanying Application Form. The closing date for this Offer is 5.00pm (AEDT) on 1 February 2019.

IMPORTANT INFORMATION

This Offer Document requires your immediate attention. This Offer Document dated 19 December 2018 is provided for information purposes only and is not a prospectus, product disclosure statement or other form of disclosure document. This Offer Document is issued pursuant to section 708AA of the Corporations Act for the offer of Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document does not contain all the information that an investor would find in a prospectus or which may be required to make an informed investment decision regarding, or about the rights attaching to, Shares offered under this Offer Document.

This Offer Document and accompanying Entitlement and Acceptance Form should be read in their entirety. You should seek independent legal and/or financial advice if you are in any doubt about, or have questions about, this Offer or the terms of this Offer Document or whether to accept this Offer.

THIS IS A SPECULATIVE ISSUE

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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1 Chairman's Letter

Dear Shareholder

I am pleased to invite you, as a valued Shareholder of Lakes Oil NL, to participate in the Company's non-renounceable pro-rata entitlement issue of 1 new Share in the Company for every 5 Shares held on the Record Date of 27 December 2018. The issue price of each new Share will be \$0.001 (0.1 cent).

Over recent months Lakes Oil has successfully diversified its exploration portfolio in both geological and geopolitical terms, the latter being particularly important as a means for management of regulatory risk. Funds raised through this Offer are intended to be used by the Company to drill a promising Nangwarry-1 gas well in the onshore Otway Basin in South Australia. The Company acquired an ownership interest in, and operatorship of, the Nangwarry prospect through its takeover of Rawson Oil and Gas Limited, which closed on 24 September 2018. The Company secured an 89.82% relevant interest in Rawson.

Judgement in relation to the Company's legal proceedings against the Victorian Government, regarding Victorian exploration activity was not in the Company's favour but we have been sufficiently encouraged to lodge an Appeal of the Judgement. The timetable for the Appeal process, to be heard by a panel of three Judges in the Victorian Supreme Court, will be determined in March 2019. Thanks to the diversification measures referred to above, the Company now has exploration opportunities to be pursued in the near-term while legal proceedings continue in advance of a resumption of Victorian exploration activity.

The Nangwarry-1 well is itself located close to the Victorian border in the onshore Otway Basin and is expected to be drilled in mid-2019 with joint venture partner, Vintage Energy Limited. Approximately forty percent of the cost of the well will be funded through a \$4.95 million grant under the South Australian Government's Plan for Accelerating Exploration (PACE) program. The Nangwarry prospect is particularly exciting given both its location within the proven Otway hydrocarbon province in proximity to the highly productive Haselgrove-3 well (drilled by Beach Energy Ltd at the end of 2017) and the fact that the well targets identical formations to those existing in the Company's onshore Otway Basin tenements in Victoria.

All of the Company's Australian exploration opportunities, whether in South Australia, Victoria or Queensland, are located in proximity of existing gas infrastructure.

The Company now also holds exploration opportunities in Papua New Guinea. These were acquired through the takeover of Rawson Oil & Gas. Of particular note is Petroleum Prospecting Licence 560, which contains the Buna Prospect. The Company will focus on confirming Rawson's ownership of that Licence and on formulating a strategy for its development.

The number of new Shares that you are entitled to subscribe for under this Offer is set out in your personalised Entitlement and Acceptance Form that accompanies this Offer Document. The Offer is not underwritten. If you take up your full Entitlement, you can also apply for Additional Shares, being Shares in excess of your Entitlement, as set out in sections 4.8 and 4.9 of this Offer Document.

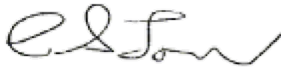
To accept all or part of your Entitlement, or to apply for Additional Shares, you will need to complete the attached Entitlement and Acceptance Form and return it to the Company's Share Registry together with payment of the appropriate Application Money. Alternatively, you can simply pay for the number of new Shares for which you wish to subscribe through BPAY® and avoid the need to fill out and return your Entitlement and Acceptance Form. Please note that, whichever approach you choose to adopt, payment needs to be received by 5:00pm (AEDT) on the Closing Date. The Closing Date is presently 1 February 2019, but the Company has the right to extend the Offer.

This entitlement offer is non-renounceable and therefore your Entitlement is neither tradeable on the ASX nor otherwise transferable.

On behalf of the Directors of Lakes Oil NL, I encourage you to consider this investment opportunity. Your Company is about to embark upon a programme of exploration activity that, if successful, will allow the Company to become a seller of gas into the constrained and highly-priced East Coast gas market.

Thank you for your ongoing support of the Company.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'C. Tonkin', written in a cursive style.

Chris Tonkin
Chairman
Lakes Oil NL

2 Important Information

This Offer Document is dated 19 December 2018. This Offer Document is provided for information purposes only and is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act. This Offer Document is issued pursuant to section 708AA of the Corporations Act and has not been lodged with ASIC.

The information in this Offer Document is not intended to be comprehensive and should be read in conjunction with the more detailed information released by the Company in accordance with its continuous disclosure obligations.

2.1 Investment Decisions

The information in this Offer Document is not intended to be relied upon as advice. Before deciding to invest in the Company potential investors should read the entire Offer Document including, in particular, the technical information and risk factors that could affect the future operations and activities of the Company and should consult their independent legal and/or financial advisors.

The Offer contained in this Offer Document does not take into account the investment objectives, financial circumstances or particular needs of any investor.

2.2 Disclaimer

No person is authorised to give any information or to make any representations in connection with the Offer that is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law, and only to the extent so required, none of the Company, nor any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Information or its content.

2.3 Foreign Jurisdictions

This Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for new Shares under the Offer. The distribution by you of this Offer Document (including an electronic copy) outside Australia, New Zealand and Papua New Guinea may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

2.4 Forward-looking statements

This Offer Document contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and the Directors and management of the Company.

The Company and the Directors and management of the Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

2.5 Risk factors

The Offer is a speculative issue. Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 6 of this Offer Document. Investors should carefully consider the risk factors that affect the Company specifically and oil and gas exploration

industry in which it operates. The Offer is not underwritten which means there is no certainty that the Company will raise sufficient money under it to carry out its stated objectives.

2.6 Defined terms and abbreviations

Terms and abbreviations used in this Offer Document are defined in section 8 of this Offer Document. All financial amounts shown in this Offer Document are expressed in Australian dollars unless otherwise stated.

2.7 Times and dates

Times and dates in this Offer Document are indicative only and may be subject to change. All times and dates refer to Australian Eastern Daylight time.

2.8 References to "you" and "your Entitlement"

In this Offer Document, references to "you" are references to Eligible Security Holders (as defined in section 8) and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Security Holders.

3 Key Details of the Offer

3.1 Key Terms of Offer

Issue price of Shares offered	\$0.001 (0.1 cent) per Share
Entitlement	1 new Share for each 5 Shares held at the Record Date
Maximum gross proceeds of issue ¹	\$6,129,095 before costs
Record Date ²	27 December 2018
Closing Date ²	1 February 2019

3.2 Indicative Dates²

Announcement of Offer	19 December 2018
Cleansing Notice and Lodgement of Offer Document, Investor Presentation and Appendix 3B with ASX	19 December 2018
Notice to Shareholders	21 December 2018
Shares traded on an ex-entitlement basis	24 December 2018
Record Date for determining entitlements	27 December 2018
Offer Document despatched to Eligible Security Holders	2 January 2019
Applications Opening Date	2 January 2019
Applications Closing Date	1 February 2019
Securities quoted on a deferred settlement basis	4 February 2019
Announcement of Shortfall	6 February 2019
Allotment Date	8 February 2019
Quotation Date	11 February 2019
Despatch Holding Statements	12 February 2019

Notes:

- This amount may be slightly higher as a result of rounding up of fractional entitlements described in section 4.2 of this Offer Document.*
- The tabulated dates are indicative only and are subject to change. Subject to ASX Listing Rules, the Company reserves the right to change any date, including the Closing Date, without prior notice. The Company may at its discretion postpone the Closing Date of this Offer, bring forward the Closing Date of this Offer, or withdraw or cancel this Offer. Any change to a date may have a consequential effect upon other dates.*

If you wish to participate in this Offer you must apply for Shares using the personalised Entitlement and Acceptance Form accompanying this Offer Document. If you are a Custodian and wish to apply on behalf of distinct beneficiaries, you must complete and return the personalised Entitlement and Acceptance Form and Custodian Schedule, which can be obtained from the Company or its Share Registry. If any of your details on the Entitlement and Acceptance Form are incorrect, please contact the Company's Share Registry urgently.

Cooling off rights do not apply to an investment in Shares. You cannot withdraw your application once it has been accepted. Any questions concerning the Offer should be directed to the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Certain capitalised terms used in this Offer Document have the meaning set out in the Glossary in section 8.

4 Full Details of the Offer

4.1 Purpose of the Offer

The purpose of this Offer is to:

- raise funds to undertake exploration drilling and testing activity in South Australia;
- fund ongoing Company costs, including planning for and management of exploration activities, corporate overheads, capital raising costs and the cost of legal proceedings against the Victorian Government; and
- recognise Shareholders' ongoing support of the Company and provide the opportunity for Eligible Security Holders to participate in a rights issue in advance of the Company undertaking exploration activity.

For details in relation to the intended use of funds please refer to section 5.1 of this Offer Document.

4.2 Entitlement and amount to be raised

The Company is making a pro-rata non-renounceable entitlement issue of 1 new Share for every 5 Shares held by Eligible Security Holders registered as at the Record Date. The issue price of the new Shares will be \$0.001 (0.1 cent) per Share. To the extent that your entitlement results in you receiving a fraction of a Share, the number of Shares for which you are entitled to subscribe will be rounded up.

If you take up your full Entitlement, you can also apply for Additional Shares, being Shares in excess of your Entitlement, as set out in sections 4.8 and 4.9 of this Offer Document.

Based on the capital structure of the Company as at the date of this Offer Document, a maximum (prior to rounding up of fractional entitlements) of 6,129,095,028 new Shares will be issued pursuant to this Offer to raise up to approximately \$6,129,095.

All Shares issued under this Offer Document will have the rights attaching to those securities as set out in section 4.6 of this Offer Document.

The intended use of funds raised is set out in section 5 of this Offer Document.

4.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

4.4 Issue price

The issue price is \$0.001 (0.1 cent) for each Share payable in full in Australian currency on the acceptance of the Offer by cheque, money order, credit card or via BPAY® on the individual Entitlement and Acceptance Form.

The Issue Price represents a 50.00% discount from the volume weighted average price at which Shares in the Company have traded in advance of the announcement of the Offer.

Your completed Entitlement and Acceptance Form must reach the Share Registry and your payment must be received by no later than 5.00pm AEDT on the Closing Date.

4.5 Eligible Security Holders

Unless the Company otherwise determines, the Offer is being made to those Shareholders who:

- (a) are registered as holders of the Company's Shares as at the Record Date;
- (b) have a registered address in Australia, New Zealand or Papua New Guinea;
- (c) are not in the United States, are not a U.S. Person, and are not acting for the account or benefit of any person in the United States or any U.S. Person; and
- (d) are eligible under all applicable securities laws to receive an offer under the Offer.

The Company is of the view that it is unreasonable to make an offer under the Offer to Shareholders outside of Australia, New Zealand or Papua New Guinea having regard to:

- (a) the number of Shareholders outside of Australia, New Zealand or Papua New Guinea as a proportion of total Shareholders in the Company;

- (b) the number and value of the new Shares that would have been offered to those Shareholders outside of Australia, New Zealand or Papua New Guinea;
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions; and
- (d) the Company is not required to make offers under the Offer to Shareholders outside of Australia, New Zealand or Papua New Guinea.

4.6 Rights attaching to Shares

Shares issued pursuant to the Offer will be fully paid and rank equally in all respects with all other issued Shares, including in respect of dividends.

The rights attaching to Shares are set out in the Company's Constitution (a copy of which is available at www.lakesoil.net.au) and are regulated by the Corporations Act, the ASX Listing Rules and general law.

4.7 Non-renounceable offer

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX (or any other exchange) and you are not able to dispose of your rights to subscribe for Shares under the Offer to any other party. If you do not take up your Entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse, you will receive no benefit and your interest in the Company may be diluted.

4.8 Acceptance

Acceptance of the Offer must be made by either:

- Completing and submitting the Entitlement and Acceptance Form accompanying this Offer Document and paying the Application Monies in accordance with the terms of the Offer; or
- paying for the number of new Shares for which you wish to subscribe through BPAY® and thereby avoiding the need to fill out and return the Entitlement and Acceptance Form.

If you do not wish to accept your Entitlement, you are not obligated to do anything in response to the Offer. All or any part of your Entitlement that is not accepted will lapse.

You may participate in the Offer as follows:

(i) Take up your Entitlement in full and also apply for Additional Shares

To do this, complete the Entitlement and Acceptance Form that accompanies this Offer Document in accordance with the instructions on its reverse side. This will involve inserting the number of Shares for which you wish to accept the Offer under this Offer Document plus the number of Additional Shares (being more than your Entitlement as specified on the Entitlement and Acceptance Form).

Alternatively, you can pay for the number of new Shares for which you wish to subscribe through BPAY® and avoid the need to fill out and return the Entitlement and Acceptance Form.

(ii) Take up your Entitlement in full without applying for Additional Shares;

To do this, complete the Entitlement and Acceptance Form that accompanies this Offer Document in accordance with the instructions on its reverse side.

Alternatively, you can pay for the number of new Shares for which you wish to subscribe through BPAY® and avoid the need to fill out and return the Entitlement and Acceptance Form.

(iii) Take up part, but not all of your Entitlement;

To do this, complete the Entitlement and Acceptance Form that accompanies this Offer Document in accordance with the instructions on its reverse side. This will involve inserting the number of Shares for which you wish to accept in the Offer under this Offer Document (being less than your Entitlement as specified on the Entitlement and Acceptance Form).

Alternatively, you can pay for the number of new Shares for which you wish to subscribe through BPAY® and avoid the need to fill out and return the Entitlement and Acceptance Form.

All Entitlement and Acceptance Forms and Application Monies must be received by the Closing Date, at the Share Registry at the following address:

Lakes Oil NL
c/- Computershare Investor Services Pty Limited
GPO Box 52 Melbourne Victoria 3001
Australia

An Eligible Security Holder may pay the Application Monies by cheque, money order, credit card or via BPAY® by the Closing Date. All cheques must be in Australian currency payable to "Lakes Oil NL" and crossed "Not Negotiable". Payments via BPAY must be received by BPAY before 5.00pm (AEDT) on the Closing Date. Payments made by credit card must be received before 5.00pm (AEDT) on the Closing Date.

Access to a copy of the Offer Document and the Entitlement and Acceptance Form is available on the Company's website: www.lakesoil.net.au

4.9 Shortfall Offer

Any Entitlement Shares not taken under the Offer will form the Shortfall. A Shareholder who wishes to subscribe for Additional Shares under the Shortfall Facility may apply for Additional Shares. Please refer to section 4.8 of this Offer Document for further information as to how to apply for Additional Shares above your Entitlement.

The Company's policy for allocation of Shortfall is as follows:

- (a) If there is a Shortfall each Eligible Security Holder who has applied for Additional Shares will be entitled to be allocated their pro-rata share of Shortfall having regard to their holdings at the Record Date (if an Eligible Security Holder has made an application for Additional Shares for an amount less than the amount of Additional Shares that the Eligible Security Holder would otherwise be allocated under this process, the Security Holder will be allocated the amount applied for).
- (b) The allocation process described above will be repeated in relation to any remaining Shortfall and any subsequent Shortfall, until either all new Shares proposed to be issued have been allocated or all Shortfall applications have been satisfied in full.

For avoidance of doubt, the relevant interest limits in the Corporations Act apply to the acquisition of Additional Shares through this facility. No Additional Shares will be issued to related parties of the Company.

Accordingly, Eligible Security Holders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for in which case excess application money will be refunded without interest. If you wish to subscribe for Additional Shares in addition to your Entitlement then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the Additional Shares (at \$0.001 (0.1 cent) per Additional Share).

Should there be any Shortfall remaining after placement of Additional Shares then that remaining Shortfall will remain available for placement or subscription for three (3) months after the Closing Date.

The Directors reserve the right, within 3 months of the Closing Date, subject to the Corporations Act and the ASX Listing Rules, to place any remaining Shortfall at their absolute discretion. Any Additional Shares issued during this period will be issued at the Issue Price or higher.

If the Company receives applications for Shortfall Shares that would result in the Rights Issue being oversubscribed, the Company reserves the right to not accept any oversubscriptions and to scale back applications received for Shortfall Shares on a pro-rata basis having regard to the number of Shortfall Shares applied for by each Eligible Security Holder.

In the event of an application for Shortfall Shares not being accepted in whole or in part, including because of a scale back, the application monies received for an unsuccessful application for Shortfall Shares (or the applicable portion if the application is partly successful) will be refunded to the Applicant, without interest, as soon as practicable.

No Shortfall Shares will be issued to an Applicant to the extent that to do so would, to the extent of the knowledge of the Company, result in a breach of the ASX Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of the Company's issued voting shares under Chapter 6 of the Corporations Act or would otherwise be contrary to the Corporations Act or the ASX Listing Rules.

4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Offer Document will be made in accordance with the timetable set out in section 3.2 of this Offer Document.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Offer or an interest in the Company.

4.11 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out in section 3.2 of this Offer Document.

Additional Shares issued will be allotted on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded (without interest) as soon as practicable after the closing date of the Offer.

Pending the allotment and issue of the Shares or payment of refunds under this Offer Document, all Application Monies will be held by the Company on trust for the Investor in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Investor waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and the timetable set out in section 3.2 of this Offer Document.

4.12 Offer Document and the Corporations Act

This Offer Document is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

Accordingly, neither this Offer Document nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the Offer will be prepared. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would ordinarily expect in, a prospectus.

4.13 Overseas Shareholders

a) General Restrictions

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being

extended and Shares will not be issued to Shareholders with a registered address that is outside Australia, New Zealand or Papua New Guinea.

Shareholders resident in Australia, New Zealand or Papua New Guinea holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

b) New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

The Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. It is not a product disclosure statement or disclosure document under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement or disclosure document under New Zealand law is required to contain.

c) Papua New Guinea

This document may be distributed in Papua New Guinea only to shareholders of the Company. This document has not been registered as a prospectus in PNG and no document is being lodged with the Securities Commission or any other regulatory authority in the PNG in respect of the proposed offer. Any offer of New Shares is not, and should not be construed as, an offer of securities to the public in PNG.

d) United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

4.14 Representations you will be taken to make by acceptance

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- a) acknowledged that you have fully read and understood this Offer Document and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Document and the Entitlement and Acceptance Form;
- b) agreed to be bound by the terms of the Offer, the provisions of this Offer Document and the Company's constitution;
- c) authorised the Company to register you as the holder of the Shares allotted to you;
- d) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Offer;
- e) acknowledged that once the Company receives your Entitlement and Acceptance Form or any payment of application monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- f) agreed to apply for and be issued up to the number of Shares and Additional Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY®, at the Issue Price per New Share;
- g) authorised the Company, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you;

- h) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- i) acknowledged that the information contained in this Offer Document and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the Shares are suitable for you given your investment objectives, financial situation or particular needs;
- j) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;
- k) acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Document and that investments in the Company are subject to risk;
- l) acknowledged that none of the Company or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- m) agreed to provide any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date; and
- n) authorised the Company to correct any errors in your Entitlement and Acceptance Form.
- o) acknowledged, represented and warranted on behalf of each person on whose account you are acting that:
 - a. you are not in the United States and are not a US Person and are not acting for the account or benefit of, a person in the United States or a US Person, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
 - b. you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand, and accordingly, your pro rata entitlement may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
 - c. you have not and will not send any materials relating to the Offer to any person in the United States, a US Person, or a person acting for the account or benefit of a person in the United States or a US Person.

4.15 No cooling off rights

Cooling off rights do not apply to an investment in Shares under the Offer. You cannot withdraw your application once it has been made.

4.16 Withdrawal of the Entitlement Offer

The Company reserves the right to withdraw all or part of the Offer and this Offer Document at any time, subject to applicable laws, in which case the Company will refund Application Monies in relation to Shares not already issued in accordance with the Corporations Act and without payment of interest.

4.17 Governing law

This Information, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

4.18 Enquiries

Any questions concerning the Offer should be directed to should be directed to the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

5 Use and effect of the Offer

5.1 Use of funds raised

The funds raised from the Offer after costs and expenses will be up to approximately \$6.1 million. The intended use of these funds is to:

- undertake drilling of the Nangwarry-1 exploration well in the onshore Otway Basin, South Australia. Details of proposed drilling activity are set out in section 5.2;
- fund ongoing Company costs, including planning for and management of exploration activities, corporate overheads, capital raising costs and the cost of legal proceedings against the Victorian Government.

The intended use of funds for the period ending 30 June 2019 is summarised in the table below.

Use of Funds	
Drill Nangwarry-1 well (PEL 155, South Australia)	\$4.2m (see Note)
Testing of Nangwarry-1 well	\$0.5m (see Note)
Appeal of Victorian legal Judgement	\$0.2m
Costs of capital raising	\$0.9m
Working capital provision	\$0.3m
Total	\$6.1m

Note: The cost of drilling the Nangwarry-1 well is sensitive to the time it takes to drill the well, and hence the cost of the contracted drilling rig. The \$4.2m provision is based upon drilling of the Nangwarry-1 well taking 35 days. If drilling takes 45 days the Company's share of the cost of the well will increase to \$5.0m. Alternatively, if drilling of the well takes less than 35 days the cost of the well will be reduced. The Company's ability to fund testing of the well is contingent upon the cost of drilling the well.

The intended use of funds as set out herein is a statement of current intentions as at the date of this Offer Document for the period to 30 June 2019. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

In the event that the funds raised under this Offer are insufficient to meet the intended use of funds for the period ending 30 June 2019 as stated above, the Company will consider a range of alternative capital raising options.

5.2 Exploration Drilling

The drilling program proposed by the Company involves drilling the conventional Nangwarry-1 well within the onshore Otway Basin in Petroleum Exploration License 155 (South Australia)

Features of the Nangwarry-1 well are:

- Materiality – the size of the prospects to be drilled means that they will, if successful, comfortably achieve commerciality, generating income to sustain the Company's future exploration efforts.

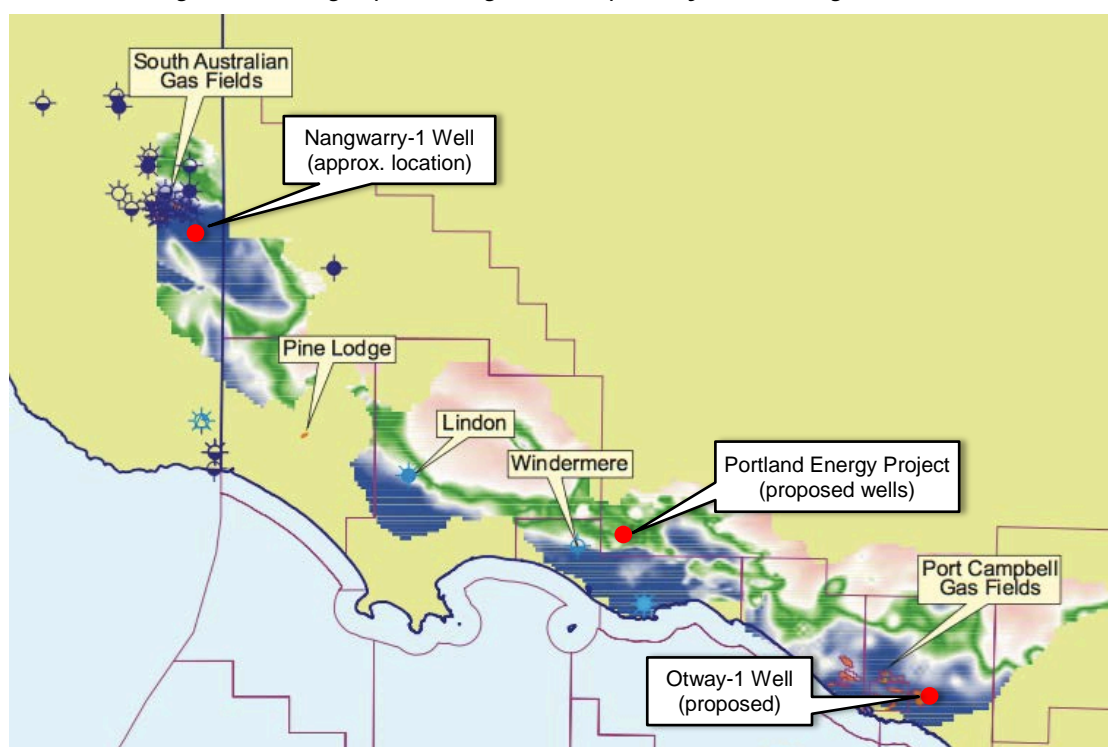
The Nangwarry-1 well is 8 km away from Haselgrove-3 well, which was drilled by Beach Energy Ltd in late 2017 and flowed gas from the Pretty Hill and Sawpit Sandstones at a rate (constrained by tubing size) of 25 million cubic feet per day. The Nangwarry-1 well is a 50:50 joint venture between Rawson and Vintage Energy Ltd, with \$4.95m of the cost of drilling the well to be funded by a Petroleum Accelerated Exploration (**PACE**) grant from the South Australian Government. The Unrisked Prospective Resource Best Estimate¹ of the potential of the Nangwarry prospect is 28.5 Bcf (net to the Company). The Company's share of the cost of drilling the 4,300 metre depth Nangwarry-1 well is estimated at \$5.0m, after allowing for the PACE grant.

In addition to the resource potential of the Nangwarry-1 well, the well will serve to further demonstrate the prospectivity of the Company's Victorian onshore Otway Basin acreage. As illustrated in Figure 1, the Astral 1 petroleum system (essentially the Crayfish

¹ Source: Rawson Media Release dated 24 May 2018.

Subgroup, including the Pretty Hill and Sawpit Sandstones) extends across much of the onshore Otway Basin, with the best potential for gas production being in proximity to the green shaded areas of peak hydrocarbon generation. The Company's western Victorian exploration targets the same formations as those to be drilled at Nangwarry.

*Figure 1: Extent of Astral 1 Petroleum System²
(with green shading representing areas of peak hydrocarbon generation)*



The Company intends to coordinate its drilling activities with work being carried out by other parties in surrounding exploration licence areas in order to realise economies of scale.

- Ease of Development – the Nangwarry prospect is in close proximity to infrastructure required for monetisation of oil and gas, meaning oil or gas reserves identified through each of the proposed exploration drilling programs can be quickly commercialised.
- Favourable Gas Market Circumstances – the interconnected Eastern Australian gas market is in increasingly dire circumstances, with shortages of gas supply resulting in high prices.

Further detail of the Company's corporate and exploration activities, including its significant Victorian opportunities, is available in the Company's September 2018 Quarterly Activities Report. Please visit the Company's website at www.lakesoil.net.au or visit the ASX website.

5.3 Takeover of Rawson Oil & Gas Limited

On 31 July 2018 the Company announced it had entered into a Bid Implementation Agreement (**BIA**) with Rawson Oil & Gas Limited (**Rawson**) pursuant to which the Company, with the support of the Board of Rawson, offered to acquire all of the shares in Rawson on a scrip for scrip basis. The Company's offer was set out in a Bidder's Statement dated 8 August 2018. The Company offered Rawson shareholders 15 Shares for each Rawson share held, with a minimum acceptance condition of 50.1% and with a closing date of 10 September 2018.

² Source: Figure 10 of VIMP Report 90 ("A Technical Assessment of the Yet-to-find Hydrocarbon Resource Inventory, Offshore and Onshore Otway Basin, Victoria, Australia", GeoScience Victoria, June 2007).

On 15 August 2018 the Company announced that the minimum acceptance condition had been satisfied and that its takeover offer was unconditional.

On 7 September, at which time the Company's relevant interest in Rawson had reached 77.18%, the Company extended the closing date of the takeover offer from 10 September to 24 September 2018.

On 14 September 2018, 1,365,579,780 Shares were issued in exchange for Rawson shares in respect of which Rawson shareholders had, as at 10 September 2018, accepted the takeover offer. On 9 October 2018 a further 153,576,015 Shares were issued in exchange for the balance of Rawson shares in respect of which Rawson shareholders accepted the Offer. All of these Shares, having been issued prior to the date of this Offer, carry with them an Entitlement under this Offer.

When the takeover offer closed on 24 September 2018 the Company's relevant interest in Rawson was 89.82%. Rawson will be removed from the Official List of the Australian Stock Exchange on 18 January 2019. While the Company has not yet secured outright ownership of Rawson the Company is committed to ensuring funding is in place for drilling of the Nangwarry-1 well. Funds raised through the Offer are intended to be used by the Company to advance \$5.0m to Rawson for drilling of the Nangwarry-1 well.

5.4 Papua New Guinea

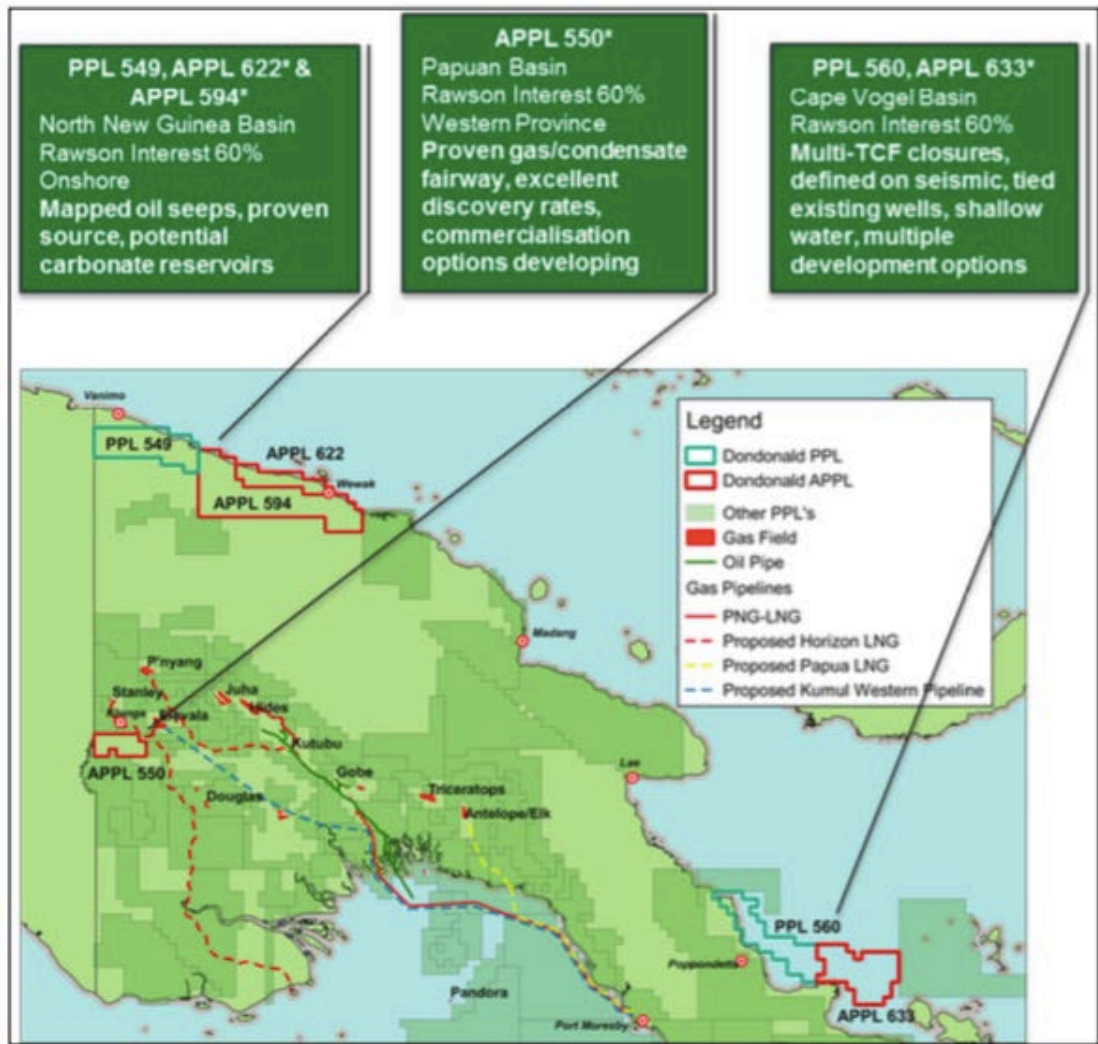
Through its takeover of Rawson, the Company has acquired control of a portfolio of highly prospective exploration acreage in Papua New Guinea. One key tenement is Petroleum Prospecting Licence (PPL) 560, which contains the multi-trillion cubic feet Buna prospect.

There is presently a disagreement between Rawson and the PNG Government regarding the validity of Rawson's ownership (held through a subsidiary) of PPL 560. On 20 February 2018 the PNG Minister for Petroleum & Energy served a Show Cause Notice on Rawson, giving Rawson 31 days to address the absence of a Security Bond that was required to be lodged in respect of PPL 560. On 6 March 2018 Rawson provided information to demonstrate that while it had forwarded the requisite funds to the Bank South Pacific Limited, the bank had failed to formalise the Bond. This was corrected on or prior to Rawson's 6 March 2018 response to the Minister, thereby resolving the Show Cause matter.

Despite the matter having been corrected, on 23 April 2018 the Minister purported to cancel PPL 560. Following commencement by Rawson of Judicial Review proceedings the Court has put a Restraining Order in place preventing the Minister from cancelling PPL 560, and preventing the licence from being issued to any other party.

The Company will continue the Judicial Review proceedings to confirm the validity of Rawson's ownership of PPL 560, and will separately also seek to achieve a negotiated settlement. Following confirmation of ownership, the Company will formulate and implement a program for exploration and development of the PNG tenements, especially PPL 560.

Figure 2: PNG Interests



5.5 Legal Proceedings - Update

The Company commenced legal proceedings against the Victorian Government in October 2016. The proceedings at that time sought Judicial Review of the Minister's decisions to refuse to consider the Company's applications to conduct petroleum exploration operations. Subsequently, in December 2016, the Company initiated Derogation from Grant proceedings in the Supreme Court of Victoria. The Derogation from Grant proceedings were based upon an established legal principle that a party should not be able to give something with one hand (a petroleum exploration authority) whilst taking away the means of enjoying it with the other.

Following amendments to the Petroleum Act 1998 that passed through Victorian Parliament in March 2017 the legal proceedings already under way were essentially frustrated. The legislative amendments introduced an exploration moratorium, giving the Victorian Government the power to refuse to grant any new exploration authorities, obligations or commitments, and absolved Government of any liability for past or future damages caused by its actions.

Although pre-existing exploration obligations and commitments are not subject to the exploration moratorium, it was clear that the Victorian Government still intended to refuse to allow any exploration activity. To protect the Company's rights, in June 2017 new legal proceedings were initiated to require oblige the Victorian Government to abide by its legislation. The Government attempted to circumvent the Company's new proceedings by seeking to unilaterally vary the conditions of the Company's authorities (by changing the dates by which those conditions were to be satisfied).

The new legal proceedings were heard in the Victorian Supreme Court on 14-15 March 2018 before Justice Macaulay. The Company was represented by Alan Sullivan, QC.

Justice Macaulay handed down his Judgement on 21 September 2018. While the Judgement confirmed that Government's attempted changes to the conditions of the Company's authorities was not allowed, it was otherwise not in the Company's favour.

The Company has lodged an appeal against the Judgement. While the Appeal process is under way the Company will focus on its other exploration interests.

5.6 Overall Exploration Portfolio

Following implementation of diversification initiatives, including the takeover of Rawson, the Company holds a diversified and highly-prospective portfolio of exploration acreage. The near term exploration initiatives set out above are complemented by the Company's multi-Tcf Victorian and Papua New Guinean opportunities.

Figure 3: Exploration Portfolio



In addition to the potential of the exploration opportunities to be pursued by the Company in the near-term, Shareholders have an interest in this diversified exploration portfolio, the medium to longer term potential of which is illustrated in the following table.

Contingent and Prospective Recoverable Resources									
Location	Licence	LKO Interest	Prospect	Resource	Contingent / Prospective	Low estimate	Best Estimate	High Estimate	POGS ¹
Gippsland Basin, Vic	PRL 2	100%	Wombat Field ²	Gas (Bcf)	Contingent	258	329	628	0.5
		57.5%	Trifon Field ²	Gas (Bcf)	Contingent	126	390	526	0.25
		100%	Baragwanath ²	Gas (Bcf)	Prospective	187	966	4327	0.1
Gippsland Basin, Vic	PRL 3	100%	Lakes Entrance Oil Field ³	Oil (mmbbl)	Prospective	0.1	0.6	6	0.2
Gippsland Basin, Vic	PEP 166	75%	Permit ⁴	Gas (Bcf)	GIIP	329	1704	26258	<0.05
Otway Basin, Vic	PEP 163	100%	Permit	Gas (Bcf)	GIIP	NA	NA	NA	NA
Otway Basin, Vic	PEP 167	100%	Permit ⁵	Gas (Bcf)	GIIP	NA	155,584	NA	0.1
Otway Basin, Vic	PEP 169	49%	Otway-1 ⁴	Gas (Bcf)	Prospective	25	60	140	0.25
Otway Basin, Vic	PEP 175	100%	Permit ⁵	Gas (Bcf)	GIIP	NA	286,416	NA	0.15
			Focus Area ⁵	Gas (Bcf)	GIIP	30,143	49,999	78,359	
			Focus Area ⁵	Gas (Bcf)	Prospective	3,943	11,469	25,477	
Otway Basin, SA	PEP 154	100%	Benara ⁶	Gas (Bcf)	Prospective	11.7	24.9	53.8	0.125
			Benara East ⁶	Gas (Bcf)	Prospective	6.1	15	30.8	0.1
Otway Basin, SA	PEP 155	50%	Nangwarry ^{6, 7}	Gas (Bcf)	Prospective	11.2	57	159.9	0.21
			South Salamander ⁶	Gas (Bcf)	Prospective	7.1	19.4	44.3	0.25
Surat Basin, Qld	ATP 1183	100%	Wellesley ⁵	Gas (Bcf)	Prospective	NA	41	NA	0.2
			Bendee ⁵	Oil (mmbbl)	Prospective		1		0.3
			Major East ⁵	Gas (Bcf)	Prospective		13.8		0.2
			Emu Apple ⁵	Oil (mmbbl)	Prospective		3.4		0.2
Eromanga Basin, Qld	ATP 642	100%	Permit ⁸	Gas (Bcf)	GIIP	NA	3.11	NA	<0.05
Eromanga Basin, Qld	ATP 662	100%	Permit ⁸	Oil (mmbbl)	OIIP	NA	0.05	NA	<0.05
				Gas (Bcf)	GIIP		0.27		
Cape Vogel Basin, PNG	PPL 560	93%	Buna ⁹	Oil (mmbbl)	OIIP	NA	0.54	NA	<0.05
			Buna West ⁹	Gas (Bcf)	Prospective		1848		
			Kumasi North ⁹	Gas (Bcf)	Prospective		3316		
			Kumasi South ⁹	Gas (Bcf)	Prospective		105		
North New Guinea Basin, PNG	PPL 391 / APPL 622	93%	Matapau ⁴	Gas (Bcf)	Prospective	1	203	371	<0.05
				Gas (Bcf)	Prospective		143	489	<0.05
				Gas (Bcf)	Prospective		91	363	<0.05
North New Guinea Basin, PNG	PPL 391 / APPL 622	93%	Matapau ⁴	Oil (mmbbl)	Prospective	1	4.4	20	0.05
				Oil (mmbbl)	Prospective		1	4.4	20
				Oil (mmbbl)	Prospective		1	4.4	20

Notes:

1. POGS = Probability of success
2. Gaffney, Cline & Associates, in accordance with SPE-PRMS guidelines
3. Internal Lakes estimate derived from Victorian government study
4. Internal Lakes estimate
5. SRK Consulting (Australasia) Pty Ltd, in accordance with SPE-PRMS guidelines
6. Exploration and production consultants (Australia) Pty Ltd (EPL), in accordance with SPE-PRMS guidelines
7. RISC independent evaluation, in accordance with SPE-PRMS guidelines
8. AWT International, in accordance with SPE-PRMS guidelines
9. Modified from Fekete Associates 2010 report, in accordance with SPE-PRMS guidelines

5.7 Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves and issued capital of the Company by a maximum of \$6.13 million immediately after completion of the Offer, prior to deducting the estimated expenses of the Offer; and
- (b) increase the total number of Shares on issue from 30,645,475,141 to up to a maximum of 36,774,570,169 following completion of the Offer.

5.8 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under the Offer Document are issued, is set out below.

Shares	Number
Shares on issue as at date of Offer Document and entitled to participate in this Offer	30,645,475,141
Shares offered pursuant to this Offer (prior to rounding)	6,129,095,028
Maximum Total Shares on issue after completion of the Offer	36,774,570,169

The Company also has the following securities on issue:

Type	Number
Unlisted Options - exercisable at 0.5 cents, expiring 8 January 2021	30,308,000
Unlisted Performance Rights – expiring 1 January 2022	752,876,031

5.9 Effect on control of the Company

The issue of the Shares under the Offer will have no immediate effect on the control of the Company. However, Shareholders should note that if they do not participate in the Offer, and any Shortfall is fully subscribed, their holdings could be diluted by up to approximately 16.7%. Likewise and subject to any restriction required by law, it is possible for a party to increase its percentage shareholding in the Company by up to 16.7% through the acceptance of its entitlement if no other Shareholder subscribes under this Offer.

5.10 Details of substantial holders

Based on publicly available information as at the close of trading on 18 December 2018, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares held at date of this Offer Document	% of Company's Shares held at date of this Offer Document	Shares held if all Entitlements accepted	% of Company's Shares held if all Entitlements accepted
Dark Horse Resources Limited	9,642,047,344	31.46%	11,570,456,813	35.52%
Timeview Enterprises Pty Ltd	3,389,375,000	11.06%	4,067,250,000	12.98%
Armour Energy Ltd	2,125,000,000	6.93%	2,550,000,000	8.21%

If a substantial holder of the Company does not participate in the Offer, and the Offer and any Shortfall is fully subscribed, their holding will be diluted.

6 Risk factors

6.1. Introduction

The Company, Lakes Oil NL, is an ASX listed company engaged in oil and gas exploration and development, principally onshore in Australia with a particular focus onshore in Victoria.

The Company released its audited annual financial results for the 2018 financial year as an announcement to ASX on 28 September 2018. A copy can be obtained from the Company's website www.lakesoil.net.au or the ASX website www.asx.com.au under the code "LKO".

An investment in the Company is not risk free and should be regarded as speculative.

There are specific risks that relate directly to the Company's activities. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares and the underlying Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and does not take into account the individual circumstances of Shareholders.

The Directors strongly recommend that potential Investors consider the risk factors described below, together with information contained elsewhere in this Offer Document and consult with their professional advisers before deciding whether to apply for Shares under this Offer Document.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2. Specific risks

(a) Investment Risk

Holders of Shares have no right to a repayment of their investment. Investors should appreciate that an investment in Shares carries risks. The Shares may not be tradeable at their issue price, and liquidity may be thin. The Shares are not redeemable in any circumstance and, in the event of external administration or liquidation (i.e., insolvency), are likely to be of minimal value.

(b) Funding Risk

The Offer is not underwritten which means there is no certainty that the Company will raise sufficient money under it to carry out its stated objectives. The Company's cash balance as at 30 September 2018 was approximately \$0.8 million. This cash balance is not sufficient to cover the intended use of funds as set out in section 5.1 of this Offer Document. There is no guarantee that the Company will be able to secure additional or alternative funding under this Offer, the success of which would then be dependent on shareholder support and the ability to obtain investor support for any Shortfall that may arise. If such support is not forthcoming, the Company's forward work programme will be compromised and consideration will need to be given to implementing alternative funding strategies including but not limited to:

- Farm-out or sale of existing exploration projects; or
- Further equity funding.

None of these alternatives have been determined at present, and any need to implement a funding alternative would be considered if required having regard to the circumstances at that time including the amount raised under the Offer. However, no assurance can be given that the Company will be able to implement any specific alternative or raise any particular amount through implementing any of them. The auditor's opinion in the Company's audited accounts for the financial year ended 30 June 2018 is subject to a modified opinion in the form of a *disclaimer of opinion* that its ability to carry on as a going concern is subject to its ability to raise sufficient funding.

The Company continues to monitor prospects for the sale of Gippsland real estate properties that it holds.

(c) Litigation Risk

As noted in Section 5.5, the Company has lodged an appeal against the Judgement of Justice Macaulay, as was handed down on 21 September 2018. There is a risk that the Appeal will not be successful, in which case the Company may be liable for payment of the Victorian Government's defence costs. The Appeal process is likely to be prolonged so any cost related impost will not be known in the near-term.

(d) Contractual Dispute Risk

Contractual disputes with joint venture partners, operators and contractors can arise from time to time. Some of the Company's projects are conducted as joint ventures. Where a venture partner does not satisfy its financial or other commitments or act in the best commercial interest of the project, it could have a material adverse effect on the interests of the Company. The Company is unable to predict the risk of financial failure, non-compliance with obligations or default by a participant in any venture to which it is, or may become, a party, or insolvency or managerial failure by any of contractors used by the Company in its exploration activities. Given that the Company has entered into joint venture and farmout agreements, the inability of those joint venturers or farminees to meet contracted obligations could adversely affect the Company's capacity to carry out its own activities.

(e) Exploration Company Risk

As the Company is an exploration company, the market's perception of the value of its shares can alter significantly from time to time, causing fluctuations in the Company's share price. Fluctuations may also occur as a result of factors influencing the price of shares in exploration companies or share prices generally, as well as drilling activities by other parties in the same general region. The price of shares rises and falls and many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. The stockmarkets generally remain volatile. More generally, the Navgas South Australian interests are held in the form of licence applications which need to convert into exploration licences and then in due course production licences before petroleum can be produced, which carries with it various regulatory and process risks.

While the Company's acquisition of Rawson Oil & Gas Limited has given increased the geological and geopolitical diversity of the Company's exploration portfolio (that is, the diversity of structures to be explored and political regimes within which operations are carried out), all of the abovementioned risks also apply to Rawson Oil & Gas Limited's portfolio.

(f) Industry Nature Risk

Oil and gas exploration activity, especially drilling, by its nature is risky. Where exploration is successful, drilling operations can be affected by breakdowns, adverse weather conditions, site and geographical conditions, operational risks, shortage or delays in the delivery of rigs and/or other equipment, industrial disputes, government regulations, environmental issues and unanticipated costs. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company. Exploration may be unsuccessful. Exploration may prove to be more costly than expected or the proposed timing of exploration may not be achieved, thus potentially putting strains on the Company's financial position.

(g) Impairment of Non-Financial Assets Risk

As at 30 June 2018, the Company's assets included \$11.2 million of capitalised exploration expenditure, evaluation and development costs. These assets are tested semi-annually for impairment in accordance with accounting standard requirements to assess whether the carrying value may exceed its recoverable amount. An impairment loss may be triggered if capitalised exploration expenditure, evaluation and development costs where an area of interest does not meet the requirements under the accounting standards (AASB 6 - Exploration for and Evaluation of Mineral Resources). The Company does not presently expect any further material impairment of capitalised expenditure.

(h) Operating Risk

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to, or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations, the occurrence of any of which could result in substantial losses to the Company. Damages occurring as a result of such risks may give rise to claims against the Company. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.

(i) Commercial Discovery Risk

Even if an apparently viable hydrocarbon resource is identified, there is no guarantee that it can be profitably exploited. While drilling may yield some hydrocarbons there can be no guarantee that any discovery will be sufficiently productive to justify commercial development or cover operating costs. There can be no assurance that the Company will achieve production as this will depend on a wide range of factors, including development decisions, capital costs and operating costs and the ability of the Company to fund these costs.

(j) Reserve and Resource Estimates Risk

Hydrocarbon reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. In addition, such estimates are necessarily imprecise and depend to a significant extent on interpretations, which may prove inaccurate. The calculation of any possible volume of hydrocarbons in a prospect may be proved incorrect by future exploration/production, mapping and/or drilling. The Victorian Government's onshore exploration ban has prevented necessary exploration/appraisal work from being carried out to refine the Company's assessments of its potential Victorian petroleum resources.

(k) Governmental and Regulatory Risk

The impact of actions by governments may affect the Company's operations including matters such as necessary approvals, land access, sovereign risk, additional or increased taxation and royalties which are payable on the proceeds of the sale of any successful exploration. Further, the approval of contractual arrangements in relation to exploration permits as well as the renewal of exploration permits is each a matter of governmental discretion and no guarantee can be given in this regard.

A failure to obtain any approval would mean that the ability of the Company to participate in or develop any project may be limited or restricted either in part or absolutely. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.

In the case of present Victorian exploration prohibitions, pursuant to existing legislation the Company will be able to resume conventional petroleum exploration operations within at mid 2020. There is a risk that the legislation could be amended by Parliament to extend the present ban on all exploration activity.

In addition, the validity of Rawson Oil & Gas Limited's tenure over Petroleum Prospecting Licence 560 (PNG) is subject to dispute, as outlined in section 5.4.

(l) Market Pricing Risk

Potential investors should consider the impacts of supply and demand for commodities (especially oil and gas), fluctuations in the prices of those commodities, exchange rates, Australia's inflation rates, taxation laws and interest rates. All of these factors have a bearing on operating costs, potential revenue and share prices. In particular, the price of oil is volatile and cannot be controlled. Oil and gas prices have fluctuated widely in recent years, and if the price of hydrocarbons falls significantly and remains depressed, this could affect the financial viability of any reserves discovered. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale. The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

(m) Environmental Risk

In relation to the exploration permits held by the Company, issues can arise from time to time with respect to abandonment costs, consequential clean up costs and environmental concerns. The Company could become subject to liability if, for example, there is environmental pollution and consequential clean up costs at a later point in time. It is not possible to quantify any such contingent liability. Whilst no guarantee can be given, the Company is not aware of any advices which would suggest that there is any particular exposure in relation to any of its present interests.

(n) Research & Development Grant (Commonwealth)

Lakes Oil has historically (from 2006 through to 2013/14) claimed and received Research and Development (R&D) rebates for its experimental fracking activities. Following introduction in late 2012 of the Victorian Government's "fracking moratorium" the Company refocused its R&D activity onto development of technology(s) for recovery of the large, discovered gas resources within Victoria without having to utilise fracture stimulation techniques. In early 2016 the Company was informed by AusIndustry that it was reviewing the eligibility of the Company's R&D expenditure for the 2013/14 and 2014/15 financial years. Following the review, AusIndustry concluded that neither the Company's core nor its supporting activities qualified under the revised R&D scheme guidelines. A key factor in AusIndustry's decision is that the Company did not undertake field testing of its hypotheses, even though the Company was prevented from doing so by the Victorian Government's ban on all onshore exploration activity.

The Company requested an internal review of the decision, in response to which Ausindustry reaffirmed its position. The Company has subsequently applied to the Administrative Appeals Tribunal (AAT) for a review of Ausindustry's decision. The Company and Ausindustry are to make submissions to the AAT over the period to March 2019. It is unlikely that the formal review will take place before late 2019.

The Company is confident that its R&D activities meet the requirements of the R&D rebate scheme. In the event the Company's appeal is unsuccessful, the Company will be liable for repayment of R&D grant received for 2013/14, and may not receive grant funds for the 2014/15 year.

(o) Native Title Risk

Native title rights may adversely impact on the Company's operations. In particular, the Company's ability to explore within the area of its South Australian petroleum exploration licence applications is subject to negotiation of native title land access arrangements. The Company proposes to carry out further desktop review of the potential of its South Australian exploration licence application acreage prior to incurring costs for native title access arrangements. If the Company ability to conduct future exploration and/or development and production activities is adversely affected, this may have a material adverse effect on the Company's performance and the price at which its shares are traded.

7 Additional information

7.1. Continuous disclosure obligations

The Company is listed on the ASX and its Shares are quoted on the ASX under the code: LKO. The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act), which requires it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This Offer Document is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company that has been notified to ASX and does not include all of the information that would be included in a prospectus or other disclosure document that is required to satisfy the Corporations Act. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to participate in the Offer.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Offer Document which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

7.2. Market price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date this Offer Document and the respective dates of those sales were:

Highest	\$0.003	12 September 2018
Lowest	\$0.001	5 December 2018
Last	\$0.001	17 December 2018

7.3. Interests of Directors

The interests of the Directors hold either directly or through their controlled entities in the securities of the Company as at the date of this Offer Document are as follows:

Director	Shares	Options	Performance Rights	Entitlement (Shares)
Barney I Berold	113,462,615	-	-	14,182,827
Christopher Stephen Tonkin	57,186,782	-	3,881,945	7,148,348
Ian Plimer	59,061,782	-	2,256,945	7,382,723
Kyle Wightman	66,711,637	-	5,000,000	8,338,955
Nicholas Mather	69,907,453	-	-	8,738,432
Richard Ash	22,350,000	2,940,000	-	-

The Directors have indicated that it is their intention to participate in the Offer.

7.4. Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company currently operates an electronic issuer-sponsored register and an electronic CHES sub-register. The two sub-registers together will comprise the Company's register of Shares.

The Company will not issue certificates. Investors who are allotted Shares under this Offer Document will be provided with a transaction confirmation statement that sets out the number of Shares allotted to the Investor.

It is your responsibility to determine your holding of Shares before trading to avoid the risk of selling Shares you do not own. To the maximum extent permitted by law, the Company disclaims any liability to persons who trade Shares before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry or otherwise, or who otherwise trade or purport to trade Shares in error or which they do not hold or are not entitled to.

7.5. Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process the application.

7.6. Corporate Directory

Directors

Chris Tonkin
Chairman and Non-Executive Director

Barney Berold
Non-Executive Director

Nicholas Mather
Non-Executive Director

Ian Plimer
Non-Executive Director

Kyle Wightman
Non-Executive Director

Richard Ash
Non-Executive Director

Company Secretary

Melanie Leydin

Registered Office

Level 4
100 Albert Road
South Melbourne Victoria 3205
Telephone: +61 3 9629 1566

Website: www.lakesoil.net.au

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Australia

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

8 Glossary

AEDT means Australian Eastern Daylight Time.

Additional Shares means Shares in addition to an Eligible Security Holder's Entitlement for which an Applicant applies for pursuant to an Entitlement and Acceptance Form.

Applicant means an Eligible Security Holder who applies for Shares pursuant to the Offer.

Application Monies means monies received by the Company from Applicants with respect to the Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors of the Company unless the context indicates otherwise.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Victoria.

Closing Date means the date specified in the timetable set out at the commencement of this Offer Document (unless extended).

Company means Lakes Oil NL, ACN 004 247 214.

Constitution means the constitution of the Company as at the date of this Offer Document.

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

Directors means the directors of the Company as at the date of this Offer Document.

Eligible Security Holder means a Shareholder who satisfies the requirements set out in section 4.5 (a) to (d) of the Offer Document.

Entitlement means the entitlement of an Eligible Security Holder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Offer Document.

Issue Price means \$0.001 per Share.

Investor means an investor participating in the Offer.

Offer means the non-renounceable entitlement issue of 1 Share for each 5 Eligible Securities held by those Eligible Security Holders registered at the Record Date at the Issue Price.

Offer Document means this document under which the Offer is made.

Official Quotation means official quotation on ASX.

Record Date means the date specified in the timetable set out at the commencement of this Offer Document.

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

Share Registry means Computershare Investor Services Pty Limited.

Shareholder means a holder of a Share.

Shortfall means the Shares for which valid Entitlement and Acceptance Forms have not been received by the Closing Date.

Shortfall Application Form means the shortfall application form either attached to or accompanying this Offer Document.

Shortfall Offer means the offer of Shortfall Shares on the terms set out in section 4.9 of this Offer Document.

Shortfall Shares means those Shares issued pursuant to the Shortfall.



LAKES OIL N.L.

(ABN 62 004 247 214)

For all enquiries:

Phone:



(within Australia) 1300 850 505

(outside Australia) +61 3 9415 4000

LKO

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Non-Renounceable Entitlement Issue — Entitlement and Acceptance Form

Your payment must be received by 5.00pm (AEDT) Friday, 1 February 2019

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your controlling participant to notify a change of address.

Step 2: Accept your Entitlement

You can apply to accept either all or part of your Entitlement. Enter the number of new Shares you wish to apply for and the amount of payment for those new Shares.

Step 3: Additional Shares Applied for

Enter the number of Additional Shares you wish to apply for (if any) under the Shortfall Offer.

Step 4: Make Your Payment

By making your payment you confirm that you agree to all the terms and conditions as detailed in the Offer Document dated 19 December 2018.

Choose one of the payment methods shown below.

Credit Card: Visa and Mastercard are the only cards that can be used to support this acceptance. Complete the 'Payment by Credit Card' section below by indicating the type of card with a tick in the appropriate box. Be sure to show the name and numbers exactly as shown on the card. The CCV number is found on the signature strip of the reverse of the credit card. Only the last three numbers are required.

BPAY®: See overleaf. Do not return the payment slip below with your BPAY payment. Simply enter the reference number shown over the page and your details are recorded electronically. If you wish to apply for Additional Shares, simply transfer the total funds corresponding to your Entitlement and to the number of Additional Shares applied for.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "Lakes Oil NL" and crossed "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt. Receipts will not be provided. Funds cannot be debited directly from your account. Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Payment by Credit Card

If you wish to pay via credit card, please enter your credit card details and signature below, then turn over to complete the amount of your entitlement to new Shares and additional shares (if any) you wish to take up, under Steps 2 and 3.

Entitlement No: 12345678



Note: Only Mastercard and Visa are accepted

☐

Mastercard

☐

Visa

Card Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Card Holder Name:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiry Date:

		/		
M	M		Y	Y

Signature:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

CCV Number:

--	--	--

Lakes Oil NL Non-Renounceable Entitlement Issue


® Registered to BPAY Pty Limited ABN 69 079 137 518

STEP 1

Registration Name & Offer Details

Registration Name:

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

 For your security keep your SRN/
HIN confidential.

Entitlement No: 12345678

Offer Details:

Existing Ordinary Fully Paid Shares entitled to participate as at
7.00pm (AEDT) 27 December 2018:


Entitlement to new Shares
on a 1 for 5 basis:

Amount payable on full acceptance
at \$0.001 per new Share:

4,000
1
\$0.01

STEP 2


Make Your Payment



Biller Code: 999999
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your payment from your cheque or savings account.

Pay by Mail:

 Make your cheque, bank draft or money order payable to "Lakes Oil NL" and crossed "Not Negotiable".
Return your cheque with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 52 Melbourne Victoria 3001 Australia

Lodgement of Acceptance
If you are applying for new Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5.00pm (AEDT) Friday, 1 February 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Lakes Oil NL accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5.00pm (AEDT) Friday, 1 February 2019. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Lakes Oil NL accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice
The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

Lakes Oil NL Acceptance Payment Details

Entitlement to new Shares taken up:

Number of Additional Shares applied for:

Amount enclosed at \$0.001 per new Share:

A\$



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5.00pm (AEDT) Friday, 1 February 2019

Contact Details

Contact Name

Daytime Telephone

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$