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Lakes Oil N.L.

ASX

**Announcement and
Media Release
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**Lakes Oil N.L.
ASX Announcement
Convertible Note Placement**

Highlights:

- *Capital raising of up to \$6.03 million (before costs) via a tranching issue of Unlisted Convertible Notes.*
- *Lakes Oil has received subscriptions for an initial tranche of \$600,000 of the Unlisted Convertible Notes.*

The Directors of Lakes Oil NL (**Lakes Oil** or **Company**) (ASX:LKO) are pleased to announce that the Company has entered into a Convertible Note placement arrangement to raise up to \$6.03 million (before costs). Proceeds from the placement will be used to fund ongoing costs of drilling the Nangwarry-1 well and to meet working capital requirements.

Key features of the Convertible Note placement arrangement and principal terms of the Notes are:

- Up to 6,700,000,000 Convertible Notes (Notes) are to be placed with sophisticated investors, professional investors (under the Corporations Act) and other investors who are exempt from disclosure requirements (subject to any necessary regulatory approvals). The Notes will not be listed on the ASX.
- The Notes will be issued in tranches to meet cash requirements whilst minimising interest costs. The first tranche of \$600,000 has been placed to facilitate payment of Nangwarry-1 related costs and other working capital requirements, and a second tranche is intended to be placed by 19 December 2019. An Appendix 3B – “Announcement of Proposed Issue of Securities” will be lodged separately with ASX by the Company today in relation to the initial tranche of Notes.
- The Notes will have an issue price and face value of 0.09 cents per Convertible Note.
- Interest will be paid half yearly in arrears at a rate of 15% per annum. Interest may be paid at Lakes Oil’s election by the issue of further Notes.
- The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
- Notes are convertible at any time at the election of the Noteholder into one ordinary share in Lakes Oil subject to usual adjustment mechanisms in certain circumstances.
- Notes will be secured by a first ranking charge over Lakes Oil’s assets.

The Company has retained Bizzell Capital Partners Pty Ltd (BCP) as the lead manager for the Convertible Note issue and it is intended for the balance of the Notes issue to be fully underwritten by BCP. BCP will receive a fee of 6% of capital raised. Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather, will provide \$3 million in sub-underwriting once the \$6.03m is fully underwritten and will receive fees from BCP in this regard. The issue of Notes to Samuel Holdings Pty Ltd and any other director related entity participating in the Note issue will be subject to receipt of necessary shareholder approvals.

Mr Richard Ash, Chairman of Lakes Oil, said “The Convertible Note placement arrangement means that, upon completion of the raising, Lakes Oil will be funded to meet the costs of the Nangwarry-1 gas well and to prepare for a resumption of Victorian exploration activity”.

For and on behalf of the Board of Directors and for further information:

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Chairman
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