

Appendix 3B

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

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

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

Name of entity

LAKES OIL N.L.

ABN

62 004 247 214

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | LKO will issue up to 6,300,605,519 fully paid ordinary shares under a partially underwritten non-renounceable entitlement issue on a 1 for 2 basis as announced to ASX on 14 February 2017 (Rights Issue). Each new Share will be issued with one bonus unlisted 'performance right'. Upon a successful conversion trigger arising, namely if the Company's 60-day volume weighted average share price exceeds 0.8 cent before 1 January 2022, each performance right will convert on a 1 for 1.25 basis. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The terms of the shares issue under the Rights Issue will be the same as those of existing fully paid ordinary shares. |

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<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, the fully paid ordinary shares issued under the Rights Issue will rank equally with existing ordinary shares on issue.</p> <p>No, upon conversion of the unlisted performance rights under the Rights Issue they will rank equally with existing fully paid ordinary shares</p>
<p>5 Issue price or consideration</p>	<p>\$0.002 (0.2 cents) per share.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>After payment of the costs and expenses of the Offer, the proceeds from the Rights Issue will be used to fund exploration costs, a loan repayment, litigation proceedings against the Victorian Government and on-going working capital expenses.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>16 January 2017</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to annexure 1
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	Anticipated to be Friday, 24 March 2017

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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Assuming that the maximum number of shares offered under the Rights Issue are issued, there will be 27,957,638,596 shares on issue after completion of the Rights Issue	Ordinary fully paid shares
	343,977	Listed Unsecured Converting Notes (LKOGA)
	137,729	Listed Unsecured Converting Notes (LKOGB)

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	41,000,000	Options exercisable at 0.5 cents each expiring on 8 January 2021
	Assuming that the maximum number of shares offered under the Rights Issue are issued, there will be 7,875,756,898 unlisted performance rights on issue after completion of the Rights Issue	Unlisted Performance Rights expiring on 1 January 2022

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11 Is security holder approval required?	No, shareholder approval is not required for the Rights Issue
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12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One new share will be offered for 4 (1:4) existing shares and holders of LKOGA or LKOGB Converting Notes multiplied by a share conversion factor, held by an eligible security holder as at the relevant record date.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares
15	+Record date to determine entitlements	7:00pm (AEDT) Friday, 17 February 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Any fractional entitlements to a new share will be rounded up to the nearest whole new share.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Switzerland, China, Germany, Ecuador, United Kingdom, Hong Kong, Hungary, India, Ireland, Japan, Sri Lanka, Malta, Papua New Guinea, Singapore, Sweden, United States of America, Vanuatu
19	Closing date for receipt of acceptances or renunciations	5:00pm (AEDT) Friday, 17 March 2017
20	Names of any underwriters	DGR Global Limited
21	Amount of any underwriting fee or commission	\$90,000
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

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25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Wednesday, 22 February 2017
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	Anticipated to be Friday, 24 March 2017

Part 3 - Quotation of securities

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

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

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

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought N/A
- 39 +Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

 If the additional +securities do not rank equally, please state:
 • the date from which they do
 • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
N/A
- 41 Reason for request for quotation now

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

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

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

Number	⁺ Class

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 14 February 2017
(Company secretary)

Print name:Melanie Leydin.....

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

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

Part 1

Rule 7.1 – Issues exceeding 15% of capital																	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>																	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	11,658,453,039																
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">136,620,000 – 6 April 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">26,725,000 – 7 October 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">18,818,370 – 6 December 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">4,166,664 – 10 February 2017</td> </tr> <tr> <td></td> <td style="text-align: right;">70,166,666 – 29 June 2016</td> </tr> <tr> <td></td> <td style="text-align: right;">9,600,000,000 - 18 January 2017</td> </tr> <tr> <td></td> <td style="text-align: right;">50,000,004 - 20 January 2017</td> </tr> <tr> <td></td> <td style="text-align: center;">-</td> </tr> </table>		136,620,000 – 6 April 2016		26,725,000 – 7 October 2016		18,818,370 – 6 December 2016		4,166,664 – 10 February 2017		70,166,666 – 29 June 2016		9,600,000,000 - 18 January 2017		50,000,004 - 20 January 2017		-
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	50,000,004 - 20 January 2017																
	-																
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	-																
“A”	21,564,949,743																
<i>Step 2: Calculate 15% of “A”</i>																	
“B”	0.15																

+ See chapter 19 for defined terms.

	<i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	3,234,742,461
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>30,000,000 – 17 October 2016</p> <p>10,000,000 – 20 January 2017</p> <p>18,055,556 – 20 January 2017</p> <p>25,000,000 – 20 January 2017</p> <p>9,027,778 – 10 February 2017</p>
“C”	92,083,334
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<p>3,234,742,461</p>
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	<p>92,083,334</p>
<p>Total [“A” x 0.15] – “C”</p>	<p>3,142,659,127</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	21,564,949,743
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	2,156,494,974
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“E”	-

+ See chapter 19 for defined terms.

<i>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</i>	
“ <i>A</i> ” x 0.10 <i>Note: number must be same as shown in Step 2</i>	2,156,494,974
<i>Subtract “E”</i> <i>Note: number must be same as shown in Step 3</i>	-
<i>Total [“A” x 0.10] – “E”</i>	2,156,494,974 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.