



A.C.N. 004 247 214

Lakes Oil N.L.

**Letter to
Shareholders
and ASX
Announcement
16 July
2009**

www.lakesoil.com.au

Registered Office:
Level 14,
500 Collins Street
Melbourne Vic 3000
Ph: +61 3 9629 1566
Fax: +61 3 9629 1624



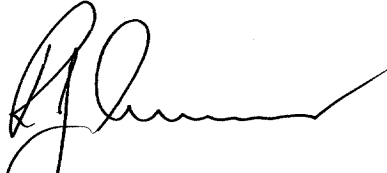
RIGHTS ISSUE

Attached to this ASX announcement is a letter to shareholders setting out details of a new non-renounceable rights issue. A copy of the associated Appendix 3B New Issue Announcement is also *attached*. The rights issue is on a 1 for 4 basis at 1 cent per share and if fully subscribed will raise approximately \$11million.

The offer of fully paid ordinary shares to shareholders is being made without a prospectus pursuant to Part 6D.2 of the Corporations Act and this notice is being given pursuant to section 708AA(2)(f) of the Corporations Act. As at the date of this notice the Company has complied with its financial reporting and auditing obligations under Chapter 2M of the Corporations Act and its continuous disclosure obligations under section 674 of the Corporations Act. In particular, there is no information which the Company has withheld from ASX Listing Rule 3.1 disclosure under the confidentiality carve-out from disclosure.

The rights issue if all entitlements are accepted to the full extent will not result in any change to the control of the Company. If all entitlements under the rights issue are not accepted to the full extent then the shareholding interest of non-participating shareholders will be diluted. The rights issue is not underwritten at this stage. The percentage interests of shareholders who receive shares by way of oversubscriptions will increase. The Company reserves the right to place any shortfall in its discretion, and any person receiving shares on that basis will obtain or increase their percentage shareholding.

Lakes Oil N.L.



Robert J Annells
Chairman

Lakes Oil N.L.
'an unconventional oil & gas company'
www.lakesoil.com.au

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

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 | 1,115,523,846 |
| 3 | Principal terms of the +securities (eg, 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) | As per all other ordinary shares on issue. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment 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</p>				
<p>5 Issue price or consideration</p>	<p>1 cent per share</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To enable the company to pursue its current exploration activities and drill a new exploration well</p>				
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>28 August 2009 (and subsequently if required)</p>				
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1422 989 1467">Number</th> <th data-bbox="989 1422 1283 1467">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1467 989 1693">5,577,619,232</td> <td data-bbox="989 1467 1283 1693">Ordinary Fully Paid Shares</td> </tr> </tbody> </table>	Number	⁺ Class	5,577,619,232	Ordinary Fully Paid Shares
Number	⁺ Class				
5,577,619,232	Ordinary Fully Paid Shares				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	46,000,000	Options exercisable @ 5 cents each expiring 17.11.09
	27,400,000	Options exercisable @ 7.14 cents each expiring 17.11.09
	11,850,000	Options Exercisable @ 3 cents each expiring 17.11.09
	11,850,000	Options Exercisable @ 1.5 cents each expiring 09.11.13
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The company does not presently have a dividend policy.	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 for 4
14 +Class of +securities to which the offer relates	Ordinary Shares
15 +Record date to determine entitlements	24 July 2009
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17 Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Countries where the offer cannot be made without registration of offer documentation
19	Closing date for receipt of acceptances or renunciations	21 August 2009
20	Names of any underwriters	Not Applicable
21	Amount of any underwriting fee or commission	Not Applicable
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	None
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	Not Applicable
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	29 July 2009
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do ⁺ security holders sell their	Not Applicable

+ See chapter 19 for defined terms.

	entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	+Despatch date	31 August 2009

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

- 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)

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

38 Number of securities for which
 +quotation is sought

--

39 Class of +securities for which
 quotation is sought

--

40 Do the +securities rank equally in all
 respects from the date of allotment
 with an existing +class of quoted
 +securities?

If the additional securities do not
 rank equally, please state:

- the date from which they do
- the extent to which they
 participate for the next dividend,
 (in the case of a trust,
 distribution) or interest payment
- the extent to which they do not
 rank equally, other than in
 relation to the next dividend,
 distribution or interest payment

--

41 Reason for request for quotation
 now

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

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

--

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

+ 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 not available now, 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.



..... Date: 16 July 2009

(Company Secretary)

Print name: RAYMOND E SOUTH

+ See chapter 19 for defined terms.