



A.C.N. 004 247 214

Lakes Oil N.L.

**ASX
Announcement
And Media
Release**

13 January, 2011

LAKES OIL N.L.

Securities Trading Policy

In accordance with Listing Rule 12.9 please find attached Lakes Oil NL's Securities Trading Policy as approved by the Board of Directors.

Lakes Oil N.L.

Leslie Smith
Company Secretary



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

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

Lakes Oil N.L.
ACN 004 247 214

Securities Trading Policy

1. Policy Introduction

This policy applies to all directors, officers and employees of Lakes Oil N.L (Lakes Oil) and the companies in the group and any other persons specified from time to time by the Executive Chairman (collectively called Relevant Persons)

This policy:

- Provides guidance to Relevant Persons who may contemplate trading in Lakes Oil securities
- Includes a brief summary of the laws that govern dealings of or in Lakes Oil securities when Relevant Persons have inside information about Lakes Oil (called insider trading)
- States Lakes Oil's position on Relevant Persons trading in securities of other companies where they are in possession of inside information because of their involvement in Lakes Oil

This policy applies to:

- Lakes Oil Shares
- Other securities issued by Lakes Oil, such as options
- Derivatives and financial and other products issued or created over the Lakes Oil shares by Lakes Oil or any third parties
- Securities of any other company or entity that may be affected by inside information, such as Lakes Oil joint venture participants

If you do not understand the summary of the law or the policy, or if you are confused as to whether the law applies to you, please contact the Company Secretary. You may wish to seek your own professional legal advice prior to buying or selling shares.

2. Prohibited Dealings

In addition to the specific prohibition set out in Section 8 "Insider Trading Prohibited for Trading in Lakes Oil", Relevant Persons are prohibited from dealing in Lakes Oil's securities in the following circumstances:

- In the 2 week period preceding the lodgment of Lakes Oil's quarterly reports with the ASX
- Where the Board has resolved that there is a prohibition on trading in Lake Oil's securities which will be notified to Relevant Persons by the Executive Chairman or Company Secretary by email .

3. When Trading in Lakes Oil's Securities is Permitted

Except for the times outlined above in Section 2, Relevant Persons may trade in Lakes Oil's securities when they are not in possession of inside information.

If a Relevant Person intends trading in Lakes Oil's Securities advance notice must be given to the Executive Chairman and Company Secretary by email.

The Relevant Person must notify the Executive Chairman and Company Secretary by email if the proposed trade does not occur.

4. Trading in exceptional circumstances

A Relevant Person, who is not in possession of inside information in relation to Lakes Oil may be given prior written permission to trade in Lakes Oil's securities during a prohibited period under this policy where:

- A person may be in severe financial hardship
- A person has a pressing commitment that cannot be satisfied other than selling the relevant Lakes Oil's securities, for example compulsion by a court order
- An exceptional circumstance exists (which is deemed exceptional by the Executive Chairman or if the person is the Executive Chairman, then by the Chair of the Audit Committee).

The Relevant Person seeking a waiver under this clause must apply in writing to the Executive Chairman, or if the person is the Executive Chairman, then the Chair of the Audit Committee. The application must set out the circumstances of the proposed dealing, including an explanation as to the nature of the exceptional circumstances and the reason that the waiver is requested.

A waiver will only be granted if deemed to be the most reasonable course of action in the circumstances. The applicant will be advised of the decision in writing or by email, and if granted the duration of the waiver will be 2 business days.

5. Trading not subject to this Policy

The following circumstances of trading are not subject to this policy:

- An undertaking to accept or the acceptance of a takeover offer;
- A dealing where the beneficial interest in the security does not change
- Trades in securities already held by the relevant person into a superannuation fund in which that person is a beneficiary
- Dealings under an offer or invitation made to all or most of the shareholders of Lakes Oil, such as a rights issue, a shareholder purchase plan approved by the board
- Decisions to take up or not to take up the entitlements or to allow them to lapse, and the sale of sufficient entitlements to take up the balance of entitlements under a rights issue
- The cancellation, lapsing or surrender of an option or right under an equity based executive or employee incentive plan

6. Overview of the insider trading provisions in the Corporations Act

It is illegal for anybody to deal in any shares of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

- is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's Continuous Disclosure Policy); and
- might have a material effect on the price or value of those shares if it was generally available (***Inside Information or Price Sensitive Information***).

This prohibition extends to procuring another person to deal, and, in the case of shares of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the shares in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties.

A person in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

7. What is Inside Information or Price Sensitive Information

Inside Information or Price Sensitive Information means information in relation to Lakes Oil that would, if the information were publicly known by likely to:

- Have a material effect on the price or value of Lakes Oil's shares; or
- Influence persons who commonly invest in securities in deciding whether or not to buy or sell Lakes Oil securities

Information does not have to originate within Lakes Oil to be price sensitive information.

Examples of possible inside or price sensitive information include:

- The financial performance of Lakes Oil
- Information about results of exploration activities or project trials
- Entry into or termination of a material contract (such as a major transaction joint venture or partnership agreement)
- A material acquisition or sale of assets by Lakes Oil
- A proposed dividend or a change in dividend policy

If information is generally available, it will not be price-sensitive information. Information is generally available if:

- It consists of a readily observable matter or
- It has been brought to the attention of investors through an announcement to the ASX, and a reasonable period has elapsed since the announcement

8. Insider Trading Prohibited for Trading in Lakes Oil Securities

Relevant Persons who are in possession of inside information about Lakes Oil's securities must not, irrespective of whether this policy would otherwise allow trading outside the prohibited period or if a trade is excluded from the operation of this policy:

- Trade in those securities
- Procure another person such as a family member, friend or associate to trade in those securities
- Communicate the inside information to another person who is likely to deal in Lakes Oil's securities or procure another person to do so.

9. Insider Trading Prohibited for Trading in Securities of Other Companies

Relevant Persons, in the course of performing their duties for Lakes Oil, may come into possession of inside information about other companies. The insider trading rules outlined above also apply to trading with securities in other companies. Relevant Persons are also bound by duties of confidentiality in relation to the inside information obtained about third parties in the course of performing their duties in or their position in Lakes Oil.

10. Compliance with this Policy

Any Relevant Person may be asked to confirm their compliance with this policy or to provide confirmation of their trades in Lakes Oil securities. Any request must be responded to promptly.

This policy must be strictly complied with and any breach will be regarded seriously.

11. Consequences of breach of Insider Trader Prohibition

Breach of the insider trading laws may subject you or members of your family to:

- Criminal liability – penalties include heavy fines and imprisonment
- Civil liability – you can be sued by another party or Lakes Oil for any loss suffered as a result of illegal trading activities

Breach of the law or this policy will also be regarded by Lakes Oil as serious misconduct which may lead to disciplinary action and or dismissal from employment with Lakes Oil.

Approved by the Board: