Lakes Oil NL

ABN 62 004 247 214

Annual Report - 30 June 2020

Lakes Oil NL
Contents
30 June 2020

Directors	Richard Ash (Non-Executive Chairman) Roland Sleeman (Executive Director) Nicholas Mather (Non-Executive Director)
Chief Executive Officer	Roland Sleeman
Company secretary	Richard Ash
Registered office	Level 4 100 Albert Road South Melbourne Victoria 3205 Telephone: (03) 9629 1566
Share registry	Computershare Investor Services Pty. Ltd. Yarra Falls 452 Johnston Street Abbotsford Victoria 3067 Telephone: 1300 850 505
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Bankers	Westpac Banking Corporation 303 Collins Street Melbourne Victoria 3000
Stock exchange listing	Lakes Oil NL shares are listed on the Australian Securities Exchange (ASX code: LKO)
Website	www.lakesoil.net.au
Corporate Governance Statement	Details of the Company's corporate governance statement are set out on the Company's website. http://lakesoil.net.au/2017/10/20/corporate-governance/

Exploration and Corporate Operations Report

1. Overview

The Company exploration opportunities, some of which are world-scale, are outlined in Table 1.

Table 1: Lakes Oil NL's Exploration Portfolio and Prospectivity

Licence	Prospect	Status	Best Estimate (net to Company)
PRL 2 (Victoria)	Wombat[1] Trifon[1] Baragwanath[1]	Contingent Resource Contingent Resource Prospective Resource	329 Bcf gas 224 Bcf gas 966 Bcf gas
PRL 3 (Victoria)	Lakes Entrance Oil Field[2]	Prospective Resource	0.6 MMBbl oil
PEP 166 (Victoria)	Permit area[3]	Prospective Resource	1,278 Bcf gas
PEP 167 (Victoria)	Permit area[4]	Gas Initially In Place	155,584 Bcf gas
PEP 169 (Victoria)	Otway-1[3]	Prospective Resource	29 Bcf gas
PEP 175 (Victoria)	Permit area[4] Focus area[4] Focus area[4]	Gas Initially In Place Gas Initially In Place Prospective Resource	286,416 Bcf gas 49,999 Bcf gas 11,469 Bcf gas
PEP 154 (South Aus.)	Benara[5] Benara East[5]	Prospective Resource Prospective Resource	24.9 Bcf gas 15 Bcf gas
PEP 155 (South Aus.)	Nangwarry[6] South Salamander[5]	Recoverable CO_2 Prospective Resource	12.6 Bcf gas 9.7 Bcf gas
ATP 1183 (Queensland)	Wellesley[4] Bendee[4] Major East[4] Emu Apple[4]	Prospective Resource Prospective Resource Prospective Resource Prospective Resource	41 Bcf gas 1 MMBbl oil 13.8 Bcf gas 3.4 MMBbl oil
ATP 642 (Queensland)	Permit area[7]	Gas Initially In Place Oil Initially In Place	3.11 Bcf gas 0.05 MMBbl oil
ATP 662 (Queensland)	Permit area[7]	Gas Initially In Place Oil Initially In Place	0.27 Bcf gas 0.54 MMBbl oil
PPL 560 (PNG)	Buna[8] Buna West[8] Kumasi North[8] Kumasi South[8]	Prospective Resource Prospective Resource Prospective Resource Prospective Resource	3,101 Bcf gas 190 Bcf gas 256 Bcf gas 180 Bcf gas
PPL 391 APPL 622 (PNG)	Matapau[3]	Prospective Resource	4.1 MMBbl oil

Notes:
1. Gaffney, Cline & Associates, in accordance with SPE-PRMS guidelines.
2. Internal Lakes Oil NL estimate derived from Victorian Government study
3. Internal Lakes Oil NL estimate
4. SRK Consulting (Australasia) Pty Ltd, in accordance with SPE-PRMS guidelines
5. Exploration and Production Consultants (Australia) Pty Ltd, in accordance with SP-PRMS guidelines
6. ERC Equipoise Pte Ltd, using probabilistic methodology consistent with that prescribed by the SPE-PRMS.
7. AWT International, in accordance with SPE-PRMS guidelines
8. Modified from Fekete Associates 2010 report, in accordance with SPE-PRMS guidelines

Based upon the presently identified exploration prospects, the total portfolio has a hypothetical value in excess of $1 billion based upon a gas price equivalent of $8.00 per Gigajoule.

2. Exploration

Lakes Oil holds relevant interests in petroleum and mineral exploration rights in Victoria, Queensland, South Australia, Papua New Guinea and the United States of America. Prospects of key immediate to medium term interest are overviewed below.

i) South Australia: Petroleum Exploration Licences 154 and 155

Lakes Oil has a net 93.51% interest in PPL 154, a net 46.76% interest in PEL 155 and is operator of both tenements.

PEL 155 contains the Nangwarry prospect, drilling of which was completed early in 2020. The well was found to have a very high (90% or greater) content of pure carbon dioxide, making it potentially attractive for development to produce carbon dioxide for industrial, medical and food uses.

in August 2020 the Company, with joint venture partner Vintage Energy Pty Ltd, announced it had entered into a non-binding Memorandum of Understanding ("MoU") with Supagas Pty Ltd ("Supagas"), an Australian based distributor of gases for domestic, industrial, medical and other applications. Under the MoU, Supagas will fund work associated with the preliminary design and costing of facilities for processing Nangwarry carbon dioxide to allow commercial production and delivery of food grade carbon dioxide. In return, the joint venture will give Supagas the opportunity to submit a formal proposal to develop and/or purchase gas from the Nangwarry resource.

At the date of this report design work for an extended production test of the Nangwarry-1 well was nearing completion The MoU signed with Supagas will assist with identification and consideration of options for development of Nangwarry and is an important step toward commercial production and sale of carbon dioxide.

In August 2020 the Company also announced that it had received the following tabulated independent estimate of the recoverable sales gas volume of carbon dioxide (**CO_2**) contained within the Nangwarry reservoir.

Gross CO_2 Sales Gas (Bscf) For PEL 155		
Low	Best	High
7.8	25.1	82.1

Net CO_2 Sales Gas (Bscf) 50% LKO		
Low	Best	High
3.9	12.6	41.5

Notes:
1. Gross volumes represent a 100% total of estimated recoverable volumes within PEL 155.
2. Working interest volumes for Otway Energy Ltd's and Vintage Energy Ltd's share of the Gross recoverable volumes can be calculated by applying their working interest in PEL 155, which is 50% each.
3. Sales gas stream for Nangwarry is CO_2 gas.

*The independent estimate was prepared by ERC Equipoise Pte Ltd (**ERCE**) using a probabilistic methodology. Under the June 2018 Society of Engineers Petroleum Resources Management System, (**PRMS**), volumes of non-hydrocarbon by-products cannot be included in any Reserves or Resources classification. However, the method used by ERCE is consistent with that prescribed by the PRMS.*

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

ERCE's work was supervised by Mr Adam Becis, Principal Reservoir Engineer at ERCE, who has over 14 years of experience in the oil and gas industry. He is a member of the Society of Petroleum Engineers and also a member of the Society of Petroleum Evaluation Engineers. Mr Becis has consented to the form and context in which the estimate of carbon dioxide sales gas is presented.

ii) Victoria

While Lakes Oil has tenure over the most prospective of Victoria's onshore petroleum exploration acreage (Figure 1), exploration activities have not been possible since 2012 as a consequence of the Victorian Government's onshore exploration ban. Legislative changes made by the Victorian Government during 2020 mean that the ban will now expire on 30 June 2021, following which the Company is planning to promptly resume its onshore exploration efforts.

The Company has identified and is ready to pursue several conventional exploration opportunities, as set out below. Based upon independent advice, the Company anticipates that these exploration opportunities will support commercial production of natural gas for the benefit of Victoria, and south-eastern Australia more generally.

Figure 1: Lakes Oil's Victorian Petroleum Exploration Interests

Petroleum Retention Lease 2 (PRL2):

Lakes Oil has 100% interest in PRL2, with the exception of the Trifon and Gangell blocks where Lakes Oil has a 57.5% interest and Jarden Corporation Australia Pty Ltd has a 42.5% interest.

Prior to introduction of the Victorian onshore exploration ban Lakes Oil made preparations for and sought approval to drill the Wombat-5 well, a conventional directionally-drilled well targeting the upper, more permeable section of the massive, gas saturated Strzelecki Formation. Based upon independent modelling Lakes Oil is optimistic that the Wombat-5 well will flow gas at an initial rate of around 10 TJ/d, rendering both the well and the Wombat Gas Field commercial.

Given the onshore location of the Wombat Gas Field, close to existing gas pipeline infrastructure, the field could be brought on line quickly (circa 18 months) and at low cost. With a gas production potential of around 20 PJ/a, development of the Wombat Gas Field could provide quick relief for both the present Victorian gas supply shortfall and the high gas prices that have resulted from it. Drilling of the Wombat-5 well is a compelling initiative that will be undertaken by Lakes Oil immediately after the Victorian exploration ban is overturned or renounced.

Petroleum Exploration Permit 169 (PEP169):

Lakes Oil has a 49% interest in PEP166 with Armour Energy Limited holding the remaining 51% interest. Operatorship of the permit has been delegated by Armour Energy to Lakes Oil. As a consequence of the Victorian Government's onshore exploration ban, no exploration activity was undertaken within PEP169 during the financial year.

Lakes Oil has plans to drill the Otway-1 well, a conventional well to be located adjacent to, but on the opposite side of a fault from, the highly commercial Iona Gas Field. The well will be drilled to a depth of 1,500 metres and will target both the Waarre Sands and the Eumeralla Formation. The Waarre Sands are the basis of historic gas production from the Iona Gas Field and, at the Otway-1 location, are uplifted relative to the Iona Gas Field. While the deeper Eumeralla Formation has not historically been developed for gas production it is considered to be highly prospective and is a key target of the Otway-1 well. This is because, wherever that Formation has been historically penetrated, it has been gas charged and, at nearby locations, has historically flowed gas at commercial rates.

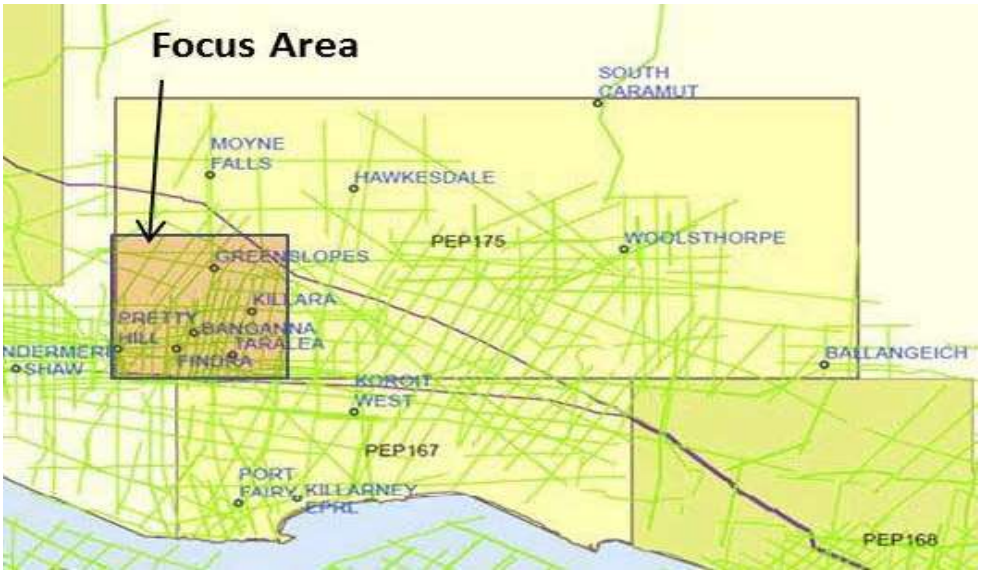
Figure 2: Location of Proposed Otway-1 Gas Well

The Company will be able to drill the Otway-1 well as soon as requisite approvals are received. Given the wells location, adjacent to existing gas processing facilities, it can be brought on line immediately to contribute to relieving the present Victorian gas supply shortfall and the consequent high gas prices that are a burden on households and a threat to industry competitiveness.

Petroleum Exploration Permits 167 and 175 (PEP167, PEP175):

Lakes Oil has a 100% interest in PEP167 & PEP175, which were acquired in September 2014 and form the basis of the company's 'Portland Energy Project'. The Portland Energy Project is based upon a Focus Area in the southwestern corner of PEP175, to north of Port Fairy, selected for investigation on the basis of historic seismic and drilling data, and in recognition of the potential for production of gas by conventional means. As is evident in Figure 3, there has been considerable historic drilling activity in and around the Focus Area, all of which has confirmed beyond doubt the presence of natural gas within the thick Eumeralla Formation. While gas was demonstrated to exist, the potential for its production was not historically tested since the search, at that time, was for oil, there was no market available for gas and no gas pipeline infrastructure was present. These circumstances have of course now all changed. Pipeline infrastructure is available and the Victorian gas market (indeed the eastern Australian gas market) is desperate for increased supplies of gas to curtail prohibitive gas price increases.

Figure 3: Portland Energy Project



With independent expert assistance, the company has identified preferred locations for drilling of two proof-of-concept wells, Greenslopes-2 and Portland Energy-1. Both wells are to be conventional wells, drilled to a depth of around 1,500 metres with the specific purpose of demonstrating that gas can be produced by conventional means from the Eumeralla Formation.

Lakes Oil has commissioned independent assessments that confirm the gas-in-place potential of the Eumeralla Formation. The estimated[1] (50% probability) gas resource of the Focus Area is 11.4 trillion cubic feet, of which the Company considers around 3 trillion cubic feet should be recoverable by conventional means. The Portland Energy Project has the potential to fundamentally change the landscape of gas supply into the eastern Australian gas market.

Petroleum Retention Lease 3 (PRL3):

Lakes Oil has 100% interest in PRL3.

In April 2019 the Victorian Department of Economic Development, Jobs, Transport and Resources (Department) wrote to the Company expressing the view that PRL 3 had 'expired'. This was despite:

- previous Suspension and Extension (S&E) Applications had been approved, extending the term of the Licence in consideration of the Company being prevented from carrying out work;
- a further S&E Application, submitted and paid for on 22 February 2019, being outstanding; and
- annual Licence fees having already been paid by the Company.

The Company has provided the Department with a detailed chronology of events relating to PRL 3, showing clearly that all applications had been lodged and fees paid in strict accordance with Licence terms, and pointing out that there have been chronic and systemic delays in the Department's processing of applications.

Despite the above, the Department continues to hold the view that the permit has expired and refuses to process S&E Applications that are lodged and paid for in accordance with regulatory requirements.

The Company has reserved its position.

[1] Source of Estimate: "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, December 2016.

The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

iii) Queensland: Petroleum Exploration Permit ATP 1183 - Roma Shelf Oil and Gas Project

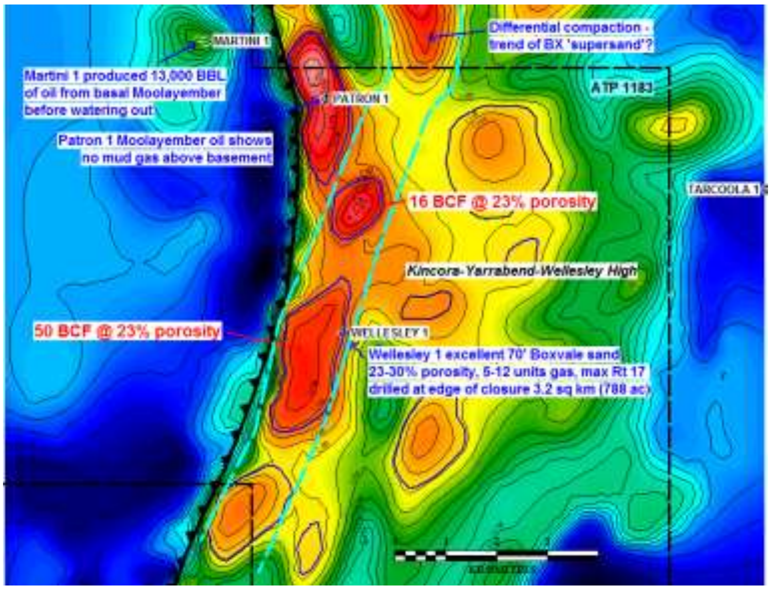
ATP 1183 is highly prospective for oil, gas and condensate discoveries, and is within close proximity of established production facilities and infrastructure. The tenement area itself surrounds the Riverslea Oil Field and Major Gas/Condensate Field.

The Company has undertaken extensive review of exploration prospects within the permit area and a number of compelling exploration opportunities, as outlined below, have been identified. Drilling of the prospects will proceed when funding permits.

- *Wellesley Dome*

  The Wellesley Dome is a fault bound, three way dip closure approximately 4.4km^2 in area, lying on the Kincora-Yarrabend-Wellesley High to the south of the productive Kincora Gas Field. The Wellesley Dome has a prospective gas resource[2] of 41 Bcf.

Figure 4: Wellesley Dome



A well (Wellesley-1) drilled by BHP in 1979 intersected in excess of 20 metres of thick clean Boxvale Sand. Although the well had fair gas shows and good porosity (average 28%) it was at the time not considered to be of commercial interest. Apart from the Wellesley-1 well, the extensive Wellesley Dome prospect is underexplored. With modern production techniques and at prevailing gas prices, the Company considers the Wellesley Dome to be a compelling exploration opportunity.

The Company proposes to drill an exploration well approximately 800 metres southwest of Wellesley-1 to a depth of around 1,600 metres.

- *Emu Apple North*

  The Emu Apple North prospect comprises the northern extension of the Emu Apple oilfield, an oilfield recently brought back into commercial production by Armour Energy Limited.

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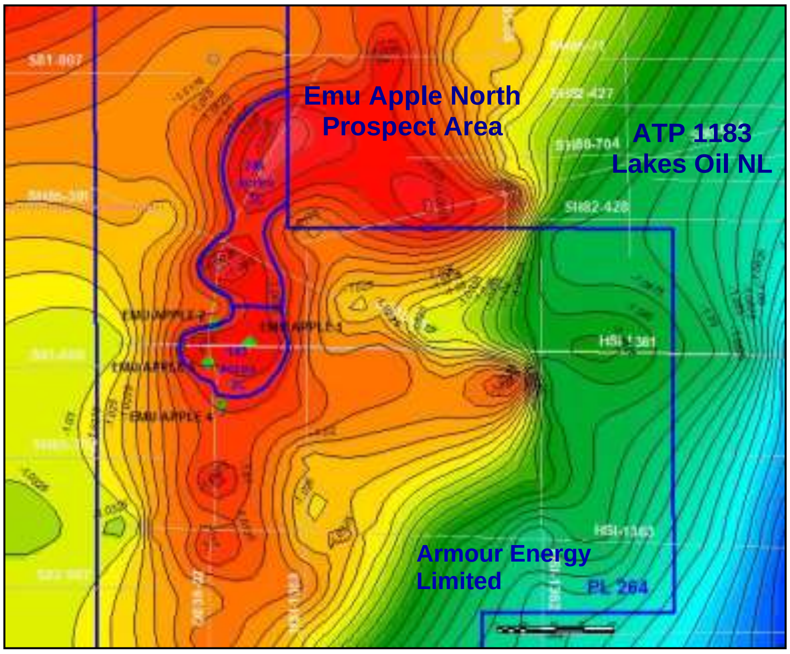
[2] This is a best estimate prepared on a deterministic basis. It is sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Figure 5: Emu Apple North Prospect



The prospect is a broad, low relief, anticlinal structure separated by a small saddle from the main Emu Apple Field. The entire Emu Apple area has been charged with hydrocarbons from Permian source rocks to the southeast.

The Hutton Sandstone and Boxville Sands, both of which are productive in the Emu Apple-3 well, are the main reservoir targets. The reservoir units will be intersected at shallow depths, between approximately 1350 and 1430 metres, which means drilling the Emu Apple North prospect will be low cost. The Company's proposed well location is readily accessible by existing road infrastructure and is close to Armour's Emu Apple production facilities (meaning any discovery can be quickly developed).

The Emu Apple North prospect covers an area of approximately 382 acres and is estimated[3] to hold up to 3.4 million barrels of oil

- *Bendee Prospect*

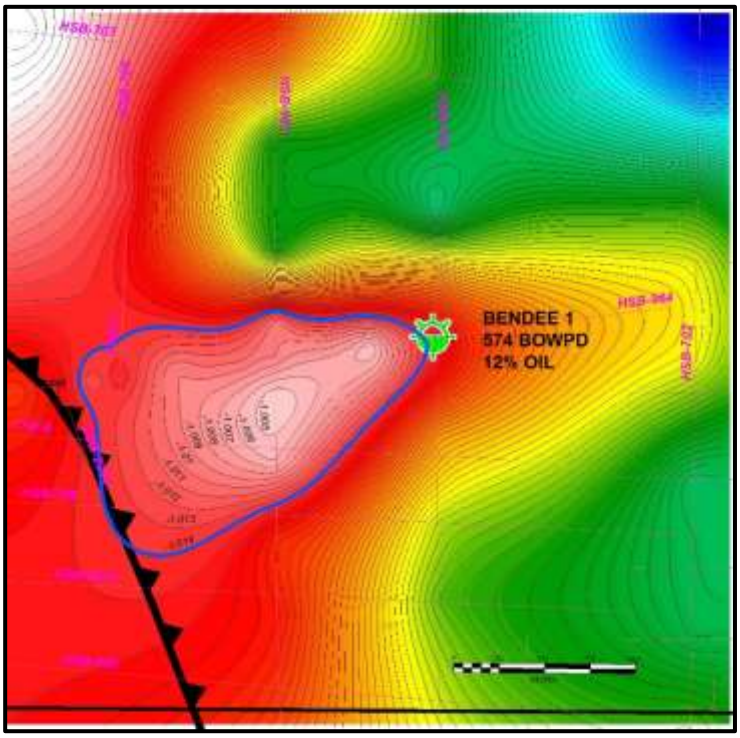
The Bendee Prospect is a four-way dip closure located just to the west of the producing Thomby Creek Oil Field. An historic (Bendee-1) well flowed oil and water to surface, demonstrating that the structure contains oil. However, using currently available data the Company has identified that the Bendee-1 well was drilled on the edge of closure, at the level of the oil/water contact. Considerable up-dip potential exists.

The Bendee Prospect covers an area of approximately 2 square kilometres and could contain approximately 1 million barrels of oil[4].

[3] This is a best estimate prepared on a deterministic basis. It is sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

[4] This is a best estimate prepared on a deterministic basis. It is sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

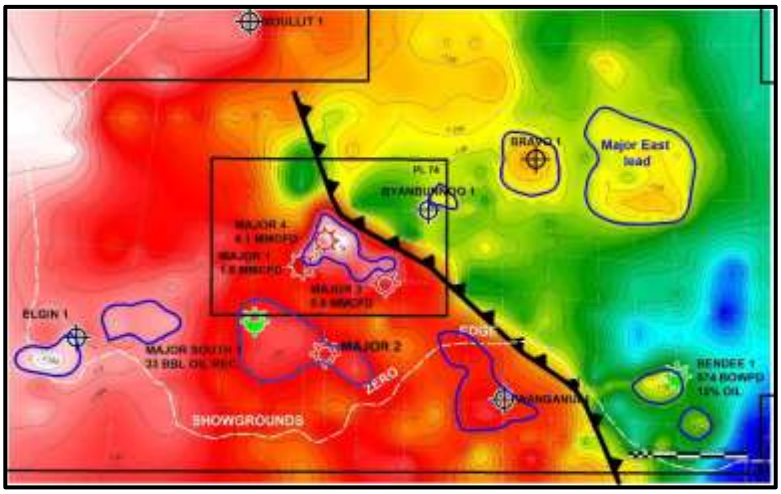
Figure 6: Bendee Prospect



- *Major East Lead*

The Major East Lead is four way dip closure approximately 5km² in area, located to the east of the producing Major Gas Field. The Major East Lead has a prospective gas resource[5] of 13.8 Bcf.

Figure 7: Major East Lead



[5] This is a best estimate, determined by Mr Peter Bubendorfer, Exploration Adviser to Navgas Pty Ltd, who is an AAPG member, qualified in accordance with the requirements of ASX Listing Rule 5.42, and who has consented to the use of the estimate in the form and context in which it appears in this report. The estimate was finalised on 3 February 2015 and was published on the ASX Announcements Platform by the Navgas Pty Ltd then owner Dark Horse Resources Limited (known at that time as Navaho Gold Limited). The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

iv) Papua New Guinea

The Company has 100% ownership 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.

During 2019 the Company successfully completed legal action, by way of Judicial Review, having a purported cancellation of PPL 560 ruled illegal and quashed.

On 23 October 2020 the Company was advised that an extension of the term of PPL 560 had been approved by PNG's Petroleum Advisory Board. This extension was formally confirmed on 16 December 2020.

The extension of term compensates the Company for time lost during the legal proceedings against PNG's former Minister for Petroleum (regarding the purported cancellation of the tenement).

At the date of this report the Company is working on plans for expedited exploration and development of the PNG tenements, especially the Buna prospect

Figure 8: PNG Interests

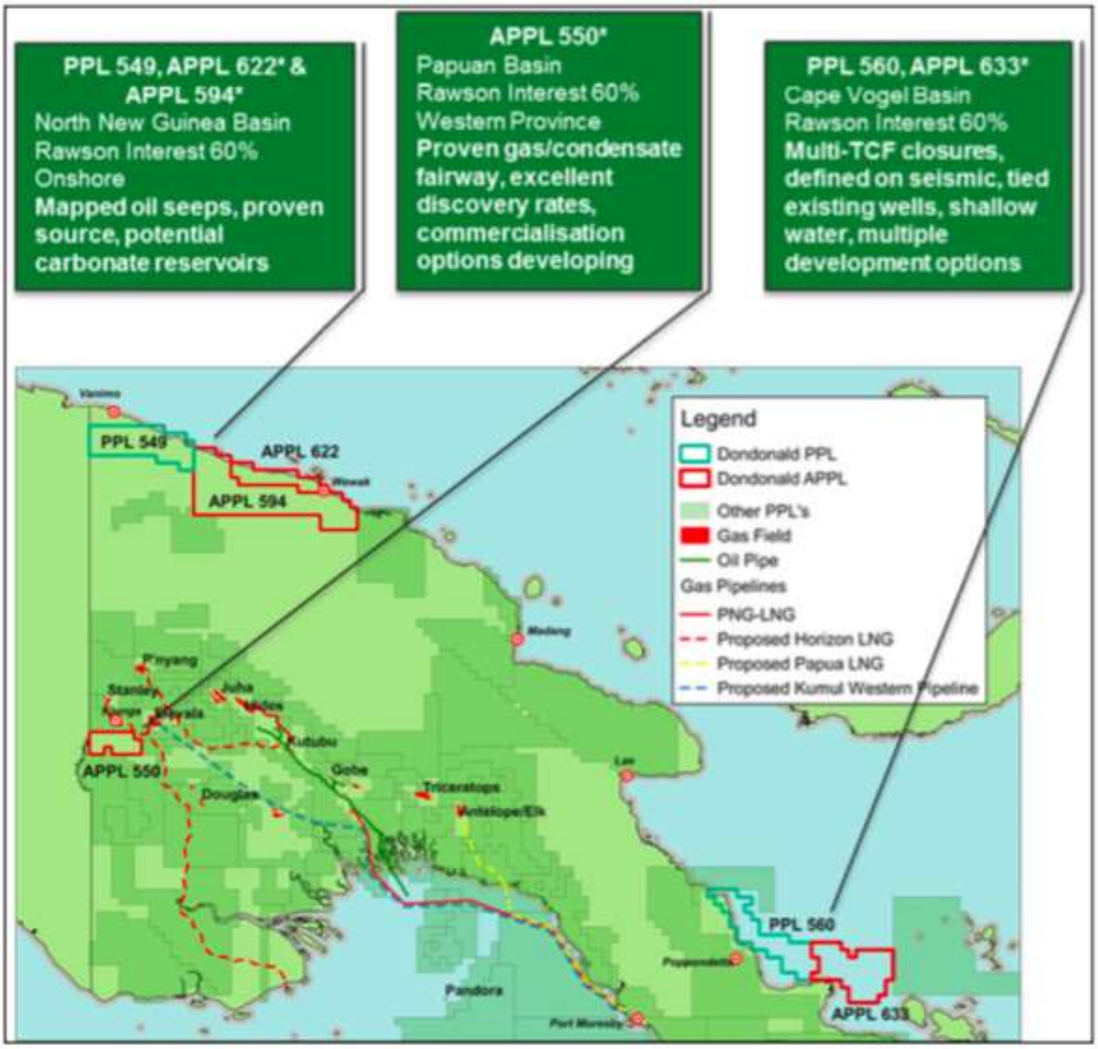
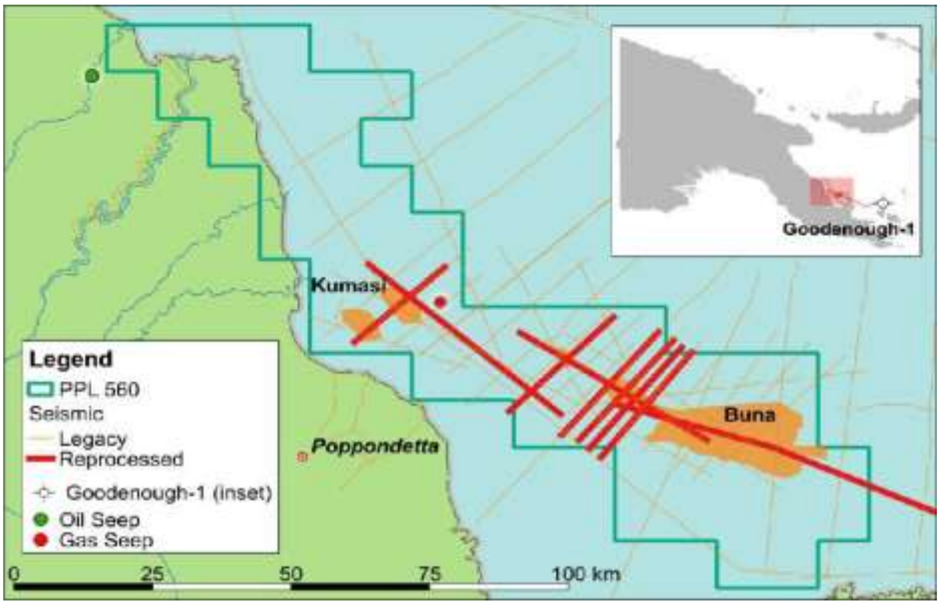


Figure 9: Buna Prospect, Showing Recent Seismic Procurement



3. Operations

Information regarding overall corporate activities for the year is set out below.

i) Suspension of Trading

Trading of the Company's shares was suspended in December 2020 following late lodgement of the Company's 2019 Annual Report.

Despite the Company raising funds on an as required basis to meet commitments, the Company was not able to secure Australian Stock Exchange (ASX) approval for recommencement of trading.

At the date of this report the Company is hopeful that, following submission to the ASX of the Company's audited 2020 financial report, trading of the Company's shares will be allowed to resume. A key consideration in this regard is the Company's initiative, detailed below, to raise funds sufficient to meet working capital requirements for a twelve month period in advance.

ii) Capital Raising

On 12 December 2019 the Company announced that it had entered into a Convertible Note (Note) placement arrangement to raise up to $6.03 million (before costs) however with the facility of the Convertible Note deed allowing a maximum of $10 million. Proceeds from successive placements were used to fund costs of drilling the Nangwarry-1 well and to meet working capital requirements. Key features of the Note placement arrangement and principal terms of the Notes are:

- The Notes were 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 have been issued in tranches to meet cash requirements whilst minimising interest costs.
- The Notes have an issue price and face value of 0.09 cents per Convertible Note.
- Interest is 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, is 31 December 2021.

- The 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.
- The Notes are secured by a first ranking charge over Lakes Oil's assets.
- Bizzell Capital Partners Pty Ltd (BCP) is the lead manager for the Convertible Note issue.
- BCP receives a fee of 6% of capital raised.

At the date of this report a total of 7,720,052,204 Convertible Notes have been issued in various tranches, as follow:

- 666,666,668 notes were issued on 12 December 2019, raising $600,000.
- 1,044,444,445 notes were issued on 27 December 2019, raising $940,000.
- 866,666,666 notes were issued on 2 March 2020, raising $780,000.
- 1,843,333,334 notes were issued on 18 March 2020, raising $1,659,000.
- 540,000 notes were issued on 13 July 2020, raising $486,000.
- 476,441,091 notes were issued on 14 October 2020, for which 206,804,710 notes settled outstanding liabilities to the CEO and Director Roland Sleeman following shareholder approval and 269,636,381 issued to existing noteholders for settlement of interest.
- 2,282,500,000 notes on 22 December 2020, raising $2,075,000

On 23 December 2020 the Company announced that, with a focus on securing approval for resumption of trading of the Company's shares but also with regard for challenges being experienced with raising of capital during challenging financial circumstances, it had entered into a further arrangement for placement of Notes with an associated Royalty entitlement. Details of this initiative are as follow:

- Terms for issue of Notes are identical to those set out above.
- The Royalty arrangement will be implemented through establishment of a unit trust (Royalty Trust) that will earn a royalty of the Company's share of the wellhead value of any petroleum produced from specified Victorian tenements, namely PRL 2 and PPLs 167, 169 and 175.
- For each one million dollars subscribed (or pro rata for varied amounts) a royalty entitlement of 2% will be secured through issue to the subscriber of units in the Royalty Trust.
- To secure approval of pre-existing Noteholders for the royalty arrangement a 2% royalty entitlement will also be shared across those pre-existing Noteholders.
- The granting of a royalty entitlement to any related party is subject to shareholder approval, to be sought at the Company's 2020 Annual General Meeting.

iii) Legal Action Against Victorian Government

A decision in the Company's Appeal of the Judgement of his Honour Justice Macaulay was handed down by the Court of Appeal of the Supreme Court of Victoria on 17 December 2019.

The Court of Appeal did not accept the Company's argument that section 17A(2) of the Victorian Petroleum Act 1998 operates to exclude from the present Victorian onshore exploration moratorium those activities that the Company is required by the conditions of its permits to carry out. The Company is now liable for payment of the Victorian Government's costs, which have been agreed to total $260,079.

Discussions are underway regarding arrangements for reimbursement of the costs. The Company has advised Government that, provided an appropriate compensation figure can be agreed, the Company may be prepared to surrender its exploration tenements PRL3 and PPL163. PPL163 is to the southwest of Melbourne, in the sensitive surf-coast region, and despite its exploration potential Government may realise significant benefit through its relinquishment.

iv) Victorian Department

The Company has previously reported on the following issues with the Victorian Department of Economic Development, Jobs, Transport and Resources (Department):

- Well Status Concerns

  Erroneous changes made in early 2018 to the Department's online Earth Resources – mapping facility (namely, change of status of live gas wells to "other" or "plugged and abandoned") have not been corrected.

- Maintenance of Live Gas Wells

  Following the Company's 2018 request for approval to carry out routine inspections to monitor and ensure the integrity of live gas wells and associated facilities, and the Department's advice one year later that it was engaging an independent expert to assist with its assessment, Lakes is yet to receive approvals to conduct the care and maintenance works as proposed. Lakes has been continually monitoring the wells to ensure their integrity has not been compromised but it has not been permitted to perform the more detailed maintenance works that it requested permission to perform.

v) Research and Development Grant

Over the period from 2006 to 2013 the Company received Research and Development (R&D) rebates from the Australian Government for experimental exploration activities. Following the Victorian Government's introduction of a fracking ban, the Company refocussed its R&D activity onto development of technology(s) for production of its large, already discovered Victorian gas resources without need for fracture stimulation. R&D rebates were also received for this work, including $1.03m in respect of 2013/14.

In early 2016 Ausindustry undertook reviews of, and subsequently rejected, the Company's claims for 2013/14 and 2014/15.

Following an internal review of Ausindustry's decision, which refaffirmed the rejection decision, the Company applied to the Administrative Appeals Tribunal (AAT) for independent review. The review was heard by the AAT over the period 19 to 23 October 2020 but, owing to shortcomings in the Department of Innovation and Science's submissions, it was not concluded. It will be scheduled for continuation in early 2021.

Pending the outcome of the AAT review, the Australian Taxation Office (ATO) issued a revised taxation assessment, seeking repayment of the 2013/14 rebate. The Company is presently paying $20,000 per month to the ATO pending the outcome of the Administrative Appeals process.

vi) Corporate Initiatives

- The following changes of Board composition occurred during the year:
  - Mr Chris Tonkin, Professor Ian Plimer and Mr Kyle Wightman all retired on 21 November 2019;
  - Mr Roland Sleeman was appointed as a Director on 21 November 2019; and
  - Mr Richard Ash assumed the role of Chairman of the Board on 4 December 2019
- Mr Richard Ash was appointed as Company Secretary on 13 July 2020.
- The Company held a General Meeting on 22 September at which shareholders:
  - ratified the prior issue of Convertible Notes and Shares;
  - approved the appointment of William Buck as Company Auditor;
  - gave approval for the issue of Convertible Notes and Shares to Mr Roland Sleeman in lieu of cash remuneration; and
  - gave approval for the issue of Convertible Notes to Samuel Holdings Pty Ltd, an entity associated with Director Nicholas Mather.

  The issue of Convertible Notes to Samuel Holdings Pty Ltd did not proceed.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lakes Oil NL (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of Lakes Oil NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

Richard Ash (Non-Executive Chairman) - Appointed as Chairman on 4 December 2019
Roland Sleeman (Executive Director) - Appointed as Executive Director on 21 November 2019
Nicholas Mather (Non-Executive Director)
Chris Tonkin (Non-Executive Chairman) - Resigned 21 November 2019
Kyle Wightman (Non-Executive Director) - Resigned 21 November 2019
Ian Plimer (Non-Executive Director) - Resigned 21 November 2019

Principal activities

During the period the principal continuing activities of the consolidated entity consisted of Exploration for oil and gas within Australia and Papua New Guinea.

Financial Results

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $619,519 (30 June 2019: $3,363,530).

Interest and other income for the period amounted to $1,741,053 (2019: $871,567), which included government grants of $1,726,000 and other income of $15,053. Government grants represent the residual amounts received from the South Australian Government's PACE gas scheme in December 2017 in relation to the Joint Operation on PEL155 with Vintage Energy Limited.

Operating expenses for the financial year were $2,365,706 (2019: $4,220,915). The major expenses for the year were the administration expenses amounting to $958,105 (2019: $1,515,329) and finance costs of $584,043 (2019: 37,746) mainly consists of $276,740 non-cash capital raising fees and $234,368 accrued interest expense on convertible notes. The provision for impairment of the consolidated entity's exploration and evaluation assets amounted to $99,117 (2019: $211,171). Employee benefit expenses amounted to $324,173 (2019: $505,281).

Financial Position

The net assets of the consolidated entity increased by $82,162 to $16,368,297 as at 30 June 2020 (2019: $16,286,135). The consolidated entity's working capital position, being current assets less current liabilities was deficit of $2,964,168 at 30 June 2020 (2019: $547,120). During the period the consolidated entity had a negative cash flow from operating activity of $885,371 (2019: $3,733,150).

Significant changes in the state of affairs

On 12 July 2019, the consolidated entity issued 11,536,900 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2018 Annual General Meeting.

On 16 July 2019, the consolidated entity completed the sale of a parcel of land near Seaspray. This was disclosed as held for sale assets as at 30 June 2019.

On 14 August 2019, the consolidated entity issued 11,536,900 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2018 Annual General Meeting.

On 3 September 2019, legal proceedings between Dondonald Limited, a subsidiary of the Company, and Papua New Guinea's Minister for Petroleum have been finalised in the Company's favour.

On 13 September 2019, the consolidated entity issued 11,536,900 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2018 Annual General Meeting.

On 21 November 2019, Mr Chris Tonkin, Mr Ian Plimer, and Mr Kyle Wightman resigned from the Board. On the same day Mr Roland Sleeman was appointed to the Board as Executive Director.

On 12 December 2019, the consolidated entity announced a Convertible Note Placement arrangement to raise up to $6.03 million (before costs). It was anticipated that the note placements would occur over various tranches. The notes will have an issue price and face value of $0.0009 (0.09 cents) per note, an interest rate of 15% per annum payable in arrears half yearly and have a maturity date of 31 December 2021.The first tranche amounting to 666,666,668 was issued on 10 December 2019 raising a total of $600,000 (before costs).

On 24 December 2019, the consolidated entity issued tranche two of the Convertible Notes issuing 1,044,444,445 at an issue price of $0.0009 (0.09 cents) per note raising a total of $940,000 (before costs). On this day the consolidated entity also issued 74,600,000 fully paid ordinary shares at an issue price of $0.001 (0.1 cent) per share as part of a loan funded share offer to an employee of the consolidated entity.

On 15 January 2020, the consolidated entity issued 5,555,560 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2019 Annual General Meeting.

On 17 January 2020, the consolidated entity issued 200,000,000 fully paid ordinary shares to a Director as settlement of an existing liability as approved by shareholders at the 2019 Annual General Meeting.

On 14 February 2020, the consolidated entity issued 5,555,560 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2019 Annual General Meeting.

On 2 March 2020, the consolidated entity issued tranche three of the Convertible Notes issuing 866,666,666 at an issue price of $0.0009 (0.09 cents) per note raising a total of $780,000 (before costs).

On 13 March 2020, the consolidated entity issued 5,555,560 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders at the 2019 Annual General Meeting.

On 18 March 2020, the consolidated entity issued tranche four of the Convertible Notes issuing 1,755,555,556 at an issue price of $0.0009 (0.09 cents) per note raising a total of $1,580,000 (before costs). On this day the consolidated entity also issued 87,777,778 unlisted convertible redeemable notes at an issue price of $0.0009 (0.09 cents) per note as settlement of fees for lead manager services in relation to the capital raising.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 13 July 2020, the consolidated entity issued tranche five of the Convertible Notes issuing 540,000,000 at an issue price of $0.0009 (0.09 cents) per note raising a total of $486,000 (before costs).

On 14 October 2020, the consolidated entity issued 269,636,381 unlisted Convertible Redeemable Notes at an issue price of $0.0009 (0.09 cents) per note to the existing holders of the Notes for settlement of interest payable as at 31 December 2020. On this day the consolidated entity also issued 206,804,710 unlisted Convertible Notes at an issue price of $0.0009 (0.09 cents) per note in satisfaction of outstanding Director and CEO fees for services as approved by the shareholders in the General Meeting held on 22 September 2020.

On 14 October 2020, the consolidated entity issued 8,333,340 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders a General Meeting held on 22 September 2020.

On 22 December 2020, the consolidated entity announced that it had issued a total of 2,282,500,000 Unlisted Convertible Notes at an issue price of $0.0009 (0.09 cents) per note raising a total of $2,075,000 (before costs).

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity is about to embark on a very exciting 18-24 months of exploration and development activities across its Australian and PNG assets. With Victorian onshore activities about to recommence, following the end of the government imposed 8 year onshore moratorium in July 2021, along with the testing of its CO2 discovery in South Australia, its ongoing exploration activities in Qld and the recommencement of farmout discussions for its PNG acreage following the delays caused by the Minister's, now quashed, decision to remove its most important PNG tenement the Director's of Lakes Oil NL see this as a turning point for the Company's fortunes going forward and are very excited for the future of the company.

Environmental regulation

Lakes Oil and its subsidiaries holds interest in petroleum exploration permits and mineral licences in Australia (Victoria, South Australia and Queensland), Papua New Guinea and the United States of America. All of these permits and licences impose regulations regarding environmental issues. There have been no known breaches of the environmental regulations during the financial year.

Information on directors

Name:	Richard Ash
Title:	Non-Executive Chairman (appointed as Chairman on 4 December 2019)
Qualifications:	BComm, CA
Experience and expertise:	Mr Ash is a Charted Accountant and has a Bachelor of Economics degree with more than 25 years of experience in funds management and finance in Australia and Asia. Prior to forming AAP Capital, Mr Ash was a Managing Director, Head of Asset Finance for Developed Asia and a member of the Australian executive team for Nomura Australia. He has also worked at Westpac, Macquarie Bank and KPMG.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	262,931,140 fully paid ordinary shares
Interests in options:	2,940,000 unlisted options exercisable at $0.005 (0.5 cents) per option, expiring 8 January 2021

Name:	Roland Sleeman
Title:	Executive Director and Chief Executive Office (appointed on 21 November 2019)
Qualifications:	B.Eng (Mech)
Experience and expertise:	Mr Sleeman has 34 years experience in oil and gas as well as utilities and infrastructure. Mr Sleeman has served in senior management roles, including with Eastern Star Gas Limited as Chief Commercial Officer and AGL as General Manager of the Goldfields Gas Pipeline.
Other current directorships:	Amour Energy Ltd (ASX: AJQ))
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	152,842,202 fully paid ordinary shares
Interests in rights:	206,804,710 unlisted convertible notes

Name:	Nicholas Mather
Title:	Non-Executive Director
Qualifications:	BSc (Hons. Geology) MAusIIM
Experience and expertise:	Mr. Mather has served on the Board since February 2012 and in addition is currently Managing Director and founder of DGR Global Limited, Executive Chairman and founder of Armour Energy Ltd and Director (and co-founder) of SolGold Plc (LSE AIM). Mr. Mather has been involved in the junior resource sector at all levels for more than 30 years and was co-founder and a Non-Executive Director of Bow Energy Ltd until it was acquired by Arrow Energy NL for $530 million in December 2011. Mr. Mather was also co-founder and served as an Executive Director of Arrow Energy NL until 2004. Arrow Energy NL was acquired by Royal Dutch Shell Plc and the PetroChina Group, for a value of approximately $3.5 billion in 2010. Mr. Mather is Executive Chairman of Armour Energy Ltd and was also Chairman of Waratah Coal Inc. before its $130 million takeover by Clive Palmer's Mineralogy Ltd in 2009.
Other current directorships:	DGR Global Limited (ASX: DGR), SolGold Plc (LSE: SOLG), Amour Energy Ltd (ASX: AJQ), AusTim Mining Ltd (ASX: ANW), Iron Ridge Resources Limited (LSE: IRR) and NewPeak Metals Limited (ASX: NPM) (Formerly Dark Horse Resources (ASX: DHR))
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	120,000,093 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	Ian Plimer
Title:	Non-Executive Director (resigned on 21 November 2019)
Qualifications:	BSc (Hons), PhD. FTSE, FGS, FAusIMM
Experience and expertise:	Professor Plimer was appointed to the Board in January 2013. He is Emeritus Professor at the University of Melbourne where he was Professor and Head of the School of Earth Sciences (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is Fellow of the Academy of Technological Sciences and Engineering, a fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy. Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public.
Other current directorships:	Niuminco Group Limited (ASX: NIU), Kefi Minerals Ltd (AIM: KEFI) and unlisted TNT Mines Ltd.
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	87,468,162 fully paid ordinary shares on the date of resignation
Interests in options:	Nil
Interests in rights:	2,256,945 unlisted performance rights on the date of resignation

Name:	Chris Tonkin
Title:	Non-Executive Chairman (Resigned 21 November 2019)
Qualifications:	BSc (Hons.), BA, MBA, GAICD
Experience and expertise:	Mr. Tonkin is the Chairman (appointed 23 May 2016) and a Non-Executive Director (appointed in 2015) and a former Managing Director of Arafura Resources Limited and is an Executive Director of advisory companies Catalyst Capital Solutions and Capital Advisory Services. He began his career as a metallurgist and environmental specialist and diversified into commercial roles at several major industrial companies and subsequently project finance, corporate and project advisory roles at AIDC, The Chase Manhattan Bank, KPMG Corporate Finance and ANZ, where his roles included Head of Project and Structured Finance and Head of Natural Resources. He has over 36 years' experience as a senior business executive with an extensive industry background in business development and management, finance and strategy development across all major industry sectors and particularly natural resources as an advisor and financier to the mining and metals and oil and gas industries.
Other current directorships:	Arafura Resources Limited (ASX: ARU)
Former directorships (last 3 years):	Nil
Interests in shares:	85,218,162 full paid ordinary shares on the date of resignation
Interests in rights:	3,881,945 unlisted performance rights on the date of resignation

Name:	Kyle Wightman
Title:	Non-Executive Director (resigned on 21 November 2019)
Qualifications:	BComm, MBA, FAICD, CFTP (Snr)
Experience and expertise:	Mr Wightman joined the Board on 4 August 2014. Mr Wightman is the Chief Executive Officer of Tait Capital PL where he advises clients on business strategy, major investments and finance. He is an economist, financier and business consultant with over 40 years' experience particularly relating to the feasibility, development and financing of major projects and investments, including Argyle Diamonds, Tarong Coal, Loy Yang Power and Melbourne City Link. He has previously held senior executive roles at PricewaterhouseCoopers, ANZ Bank, Chase Manhattan Bank (now JP Morgan Chase) and CRA Limited (now Rio Tinto).
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	100,697,987 fully paid ordinary shares on the date of resignation
Interests in options:	Nil
Interests in rights:	5,000,000 unlisted performance rights on the date of resignation

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Richard Ash (appointed on 13 July 2020)
Mr Ash is a Charted Accountant and has a Bachelor of Economics degree with more than 25 years of experience in funds management and finance in Australia and Asia. Prior to forming AAP Capital, Mr Ash was a Managing Director, Head of Asset Finance for Developed Asia and a member of the Australian executive team for Nomura Australia. He has also worked at Westpac, Macquarie Bank and KPMG.

Melanie Leydin (resigned on 13 July 2020)
Ms Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial profession and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, Ms Leydin has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies specialising in ASX listed entities.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Richard Ash	7	7	-	-	1	1
Roland Sleeman	2	2	-	-	-	-
Nicholas Mather	5	7	-	-	-	-
Chris Tonkin	5	5	-	-	-	-
Ian Plimer	4	5	-	-	1	1
Kyle Wightman	5	5	-	-	1	1

Held: represents the number of meetings held during the time the director held office.

During the year under review there were no meetings of the Nomination and Remuneration Committee as there were neither increases in remuneration nor new employees hired other than those which were initiated and approved by the entire Board of the Company. Following a restructure of the Board during the year and due to the size and nature of the Company it was agreed that the Company will no longer have separately established committees and as such the Board will fulfill the roles of the Audit and Risk Committee and also the Nomination and Remuneration Committees.

Remuneration report (audited)

Remuneration policy

The board of directors of Lakes Oil NL is responsible for determining and reviewing compensation arrangements for the directors, the Chairman, Executive Officers and other employees.

The remuneration report is set out under the following main headings:
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

The Board established a Remuneration Committee in July 2013 which has been charged with establishing and reviewing remuneration procedures appropriate for a Board and consolidated entity of this size. Following a restructure of the Board during the year and due to the size and nature of the Company it was agreed that the Company will no longer have separately established Nomination and Remuneration Committees and as such the Board now fulfills the role of the Committee.

The Nomination and Remuneration Committee has the responsibility to assess the appropriateness of the nature and amount of emoluments for non-executive directors with reference to performance, relevant comparative remuneration and independent expert advice with the objective of retaining a high quality board to ensure maximum stakeholder benefit. The non-executive directors receive fees in arrears and do not receive bonus payments.

ASX Listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent such determination was at the Annual General Meeting held on 16 January 2017, where the shareholders approved a maximum aggregate remuneration of $300,000. No amendments have been made to the available Non-Executive director remuneration pool since that date.

The Nomination and Remuneration Committee has the responsibility to assess the appropriateness of the nature and amount of emoluments for the Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive.

The Nomination and Remuneration Committee has the responsibility to review the appropriateness of the nature and amount of emoluments for Senior Executives as recommended by the Chief Executive Officer (CEO). These recommendations are made by the CEO on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality team.

For directors and staff, the consolidated entity provides a remuneration package that consists of cash and equity based remuneration. The contracts for services between the consolidated entity and specified directors and executives are on a continuing basis and the terms of which are not expected to change.

The Executive Officers and other employees are all employed under various forms of agreement that can be terminated with notice by either side. These agreements, which do not specify fixed periods of employment (excluding the CEO agreement which specifies as fixed term), can be terminated by either party with a notice period of four weeks. Termination payments comprise the base salary payment for the duration of the applicable notice period, plus any statutory entitlements owing, such as outstanding annual and long service leave entitlements and superannuation contributions.

Lakes Oil NL determines the maximum amount for remuneration, including thresholds for share-based remuneration, and bonus payments, if any, by directors' resolution.

There were no at-risk compensation components forgone during the year.

Voting and comments made at the company's 19 December 2019 Annual General Meeting ('AGM')

The Company received 98.35% of 'for' votes in relation to its remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Named directors and executives
The names and positions of each person who held the position of director at any time during the financial year is provided below.

- Richard Ash (Non-Executive Chairman) - Appointed as Chairman on 4 December 2019
- Roland Sleeman (Executive Director) - Appointed as Executive Director on 21 November 2019
- Nicholas Mather (Non-Executive Director)
- Chris Tonkin (Non-Executive Chairman) - Resigned on 21 November 2019
- Kyle Wightman (Non-Executive Director) - Resigned on 21 November 2019
- Ian Plimer (Non-Executive Director) - Resigned on 21 November 2019

There are two executives in the consolidated entity who hold positions of a senior nature that directly influences the overall direction of the consolidated entity's focus as named below:
- Roland Sleeman (Chief Executive Officer)
- Tim O'Brien (Chief Operating Officer)

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

2020	Short-term benefits Cash salary and fees $	Termination payments $	Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled * $	Total $
Non-Executive Directors:							
Richard Ash	-	-	-	-	-	33,333	33,333
Nicholas Mather	-	-	-	-	-	33,333	33,333
Chris Tonkin***	5,074	-	-	482	-	8,333	13,889
Ian Plimer***	5,074	-	-	482	-	8,333	13,889
Kyle Wightman***	5,074	-	-	482	-	8,333	13,889
Executive Director and CEO:							
Roland Sleeman**	-	-	-	-	-	162,828	162,828
Other Key Management Personnel:							
Tim O'Brien	219,696	-	-	20,871	9,678	74,600	324,845
	234,918	-	-	22,317	9,678	329,093	596,006

* Equity settled remuneration for Non-Executive directors and employees relates to share issued in lieu of directors fees as approved by shareholders at the Company's Annual General Meeting held on 19 December 2019. The consolidated entity only issued 50% of the Director fees in shares (16,666,668 shares each) to Mr Richard Ash and Mr Nicholas Mather. The remaining balance was accrued and expected to be settled in shares.

** Mr Sleeman invoices the Company on month basis for CEO services. The standard fee is $78,000 per annum, however he is entitled to charge additional hours to the Company for service provided. Mr Sleeman is also entitled to a Director fee of $33,333 per annum. The Company did not pay any cash for his services during the year. The total invoice amount for the year is expected to be settled in equity instruments. As such, the balance has been disclosed in "Equity settled" column.

*** Mr Chris Tonkin, Mr Ian Plimer and Mr Kyle Wightman resigned from the Board on 21 November 2019. The balance disclosed in the "Equity settled" column represents the director fees owing as at the date of their resignation. They are expected to be settled in script.

2019	Short-term benefits Cash salary and fees $	Termination payments $	Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled * $	Total $
Non-Executive Directors:							
Barney Berold**	6,753	-	-	2,362	-	18,107	27,222
Nicholas Mather	-	-	-	-	-	33,333	33,333
Ian Plimer	8,316	-	-	2,892	-	22,125	33,333
William Stubbs***	2,939	-	-	1,036	-	7,969	11,944
Chris Tonkin	8,316	-	-	2,892	-	22,125	33,333
Kyle Wightman	2,916	-	-	2,892	-	27,525	33,333
Richard Ash	-	-	-	-	-	28,703	28,703
Other Key Management Personnel:							
Roland Sleeman	83,216	-	-	-	-	78,981	162,197
Tim O'Brien	216,595	-	-	22,477	4,150	20,000	263,222
	329,051	-	-	34,551	4,150	258,868	626,620

* Equity settled remuneration for Non-Executive directors and employees relates to share issued in lieu of directors fees as approved by shareholders at the Company's Annual General Meeting held on 13 November 2018.
** Barney Berold resigned 24 April 2019
*** Williams Stubbs retired 13 November 2018

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2020	2019	2020	2019	2020	2019
Non-Executive Directors:						
Richard Ash	100%	100%	-	-	-	-
Nicholas Mather	100%	100%	-	-	-	-
Chris Tonkin	100%	100%	-	-	-	-
Ian Plimer	100%	100%	-	-	-	-
Kyle Wightman	100%	100%	-	-	-	-
William Stubbs	-	100%	-	-	-	-
Barney Berold	-	100%	-	-	-	-
Executive Director and CEO:						
Roland Sleeman	100%	100%	-	-	-	-
Other Key Management Personnel:						
Tim O'Brien	100%	100%	-	-	-	-

Share-based compensation

Issue of shares
A total of 251,277,380 fully paid ordinary shares were issued to directors in lieu of directors fees as approved at the Company's Annual General Meetings held on 13 November 2018 and 19 December 2019.

On 24 December 2019, the Company issued 74,600,000 loan funded shares to a key management personnel for nil consideration, expiring 24 December 2024. The shares were issued in three tranches with the following vesting conditions:

- Tranche 1 – Successful farm-out of PNG asset PPL 560 (or other successful transaction to be approved at the Board's discretion)
- Tranche 2 – 1 year from date of grant
- Tranche 3 – 2 year from date of grant

The loan funded shares were valued at $0.001 (0.1 cent) and recognised as share based payment reserve in accordance with AASB 2. As at 30 June 2020, none of the loan funded shares were vested.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
8 January 2016	8 January 2016	8 January 2021	$0.0050	$0.001
29 October 2018	29 October 2018	8 January 2021	$0.0050	$0.001

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Tim O'Brien	20,000,000	8 January 2016	8 January 2016	8 January 2021	$0.0050	$0.001
Richard Ash	2,940,000	29 October 2018	29 October 2018	8 January 2021	$0.0050	$0.000

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Performance rights
There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue (excluding fair value gains and losses) ($'000)	1,741	872	20	64	1,205
Loss before tax ($'000)	(625)	(3,349)	(2,040)	(7,606)	(49,589)
Change in share price (%)	-	(50)	150	-	(50)

The remuneration policy is not directly related to the consolidated entity's performance and the above data is provided for information only.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by any director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Balance on the date of appointment	Received as part of remuneration*	Other**	Balance at the end of the year
Ordinary shares					
Richard Ash***	43,486,680	-	16,666,680	200,000,000	260,153,360
Roland Sleeman	-	150,064,422	-	-	150,064,422
Nicholas Mather	100,555,633	-	16,666,680	-	117,222,313
Tim O'Brien	45,000,000	-	74,600,000	-	119,600,000
Christopher Tonkin	79,686,822	-	5,531,340	(85,218,162)	-
Ian Plimer	81,936,822	-	5,531,340	(87,468,162)	-
Kyle Wightman	93,816,647	-	6,881,340	(100,697,987)	-
	444,482,604	150,064,422	125,877,380	(73,384,311)	647,040,095

* The shares referred to were issued under an ASX waiver granted under Listing Rules 10.13.3 and 10.13.5. At as 30 June 2020, the 325,877,380 shares represented a total of 0.97% of the Company's issued capital.

** Mr Christopher Tonkin, Mr Ian Plimer and Mr Kyle Wightman resigned as Non-Executive Director on 21 November 2019. The balance shown in "Other" column represents their share holdings as at the date of resignation.

*** On 17 January 2020, the consolidated entity issued 200,000,000 fully paid ordinary shares to Mr Richard Ash in lieu of consultancy fees, pursuant to Resolution 5 of Notice of Annual General Meeting held on 19 December 2019 and as approved by shareholders. The consulting services were provided by Mr Ash to Rawson Oil and Gas Limited prior the Company acquiring Rawson via the off-market takeover bid announced on 31 July 2018. As such, the balance has been disclosed in "Other" column, as this share issue did not constitute as remuneration to Mr Ash in his capacity as Director of the Company.

Option holding
The number of options over ordinary shares in the Company held during the financial year by any director and other members of key management personnel of the consolidated entity, including their related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Tim O'Brien	20,000,000	-	-	-	20,000,000
Richard Ash	2,940,000	-	-	-	2,940,000
	22,940,000	-	-	-	22,940,000

The options granted to employees (excludes options issued to Mr Ash) as listed above vested upon on the date of grant. A term of the option specifies that options will lapse on their expiry date or 60 days after ceasing employment, whichever is earliest.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Other*	Balance at the end of the year
Performance rights over ordinary shares					
Christopher Tonkin	3,881,945	-	-	(3,881,945)	-
Ian Plimer	2,256,945	-	-	(2,256,945)	-
Kyle Wightman	5,000,000	-	-	(5,000,000)	-
	11,138,890	-	-	(11,138,890)	-

* Mr Christopher Tonkin, Mr Ian Plimer and Mr Kyle Wightman resigned as Non-Executive Director on 21 November 2019. The balance shown in "Other" column represents their performance rights as at the date of resignation.

Other transactions with key management personnel and their related parties
All amounts paid to Directors and director-related entities were charged on commercial and arm's-length terms and conditions.

Mr Nicholas Mather and Mr Roland Sleeman are Directors of Armour Energy Ltd. Armour Energy Ltd is party to an agreement with Lakes Oil NL as described in the tenement table detailed in the shareholder information section.

Mr Nicholas Mather's remuneration is settled via an entity that is controlled by Mr Mather called Samuel Capital Pty Ltd. Samuel Capital Pty Ltd also provided a loan of $515,000 to the Company during the financial year. The loan attracts an Interest of 15% per annum. As at 30 June 2020, $28,995 interest expense has been accrued. The principle and interest on this loan remain unpaid as at 30 June 2020.

Mr Roland Sleeman's remuneration is also settled via an entity controlled by Mr Sleeman ATF The Sleeman Trust.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Lakes Oil NL under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
8 January 2016	8 January 2021	$0.0050	20,000,000
29 October 2018	8 January 2021	$0.0050	10,308,000
			30,308,000

Shares issued on the exercise of options
There were no ordinary shares of Lakes Oil NL issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Shares under performance rights
Unissued ordinary shares of Lakes Oil NL under performance rights at the date of this report are as follows:

Grant date	Expiry date	Hurdle price	Number under rights
24 March 2017	1 January 2022	$0.0080	752,876,031

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
There were no ordinary shares of Lakes Oil NL issued on the exercise of performance rights during the year ended 30 June 2020 and up to the date of this report.

Shares under unlisted convertible redeemable notes
During the year ended 30 June 2020, the Company issued 4,421,111,113 convertible redeemable notes to sophisticated and professional investors. The notes have an issue price and face value of $0.0009 (0.09 cents) per note, an interest rate of 15% per annum payable in arrears half yearly and have a maturity date of 31 December 2021.

As at the date of this annual report, the Company had 7,720,052,204 convertible redeemable notes on issue.

As at 30 June 2020 and up to the date of this annual report, none of the convertible redeemable notes were converted into fully paid ordinary shares.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck
There are no officers of the Company who are former partners of William Buck.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts
Lakes Oil NL is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Ash
Chairman

24 December 2020

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LAKES OIL NL

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director

Melbourne, 24 December 2020

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Lakes Oil NL
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Interest and other income			
Interest income		12,554	19,271
Other income	5	1,728,499	852,296
		1,741,053	871,567
Expenses			
Employee benefits expense		(324,173)	(505,281)
Depreciation expense	6	(15,844)	(18,649)
Profit on disposal of assets		101,536	-
Impairment expense	6	(99,117)	(211,171)
Accounting and audit expenses		(82,556)	(115,735)
Administrative expenses	6	(958,105)	(1,515,329)
Consulting expenses		(202,316)	(253,993)
Finance costs		(584,043)	(37,746)
Marketing and promotion expenses		(29,794)	(71,600)
Rent and occupancy expenses		(41,158)	(211,093)
R&D tax incentive payable		(130,136)	(1,280,318)
Loss before income tax expense		(624,653)	(3,349,348)
Income tax expense	7	-	-
Loss after income tax expense for the year		(624,653)	(3,349,348)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(624,653)	(3,349,348)
Loss for the year is attributable to:			
Non-controlling interest		(5,134)	14,182
Owners of Lakes Oil NL		(619,519)	(3,363,530)
		(624,653)	(3,349,348)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(5,134)	14,182
Owners of Lakes Oil NL		(619,519)	(3,363,530)
		(624,653)	(3,349,348)
		Cents	**Cents**
Basic loss per share	33	(0.0018)	(0.0108)
Diluted loss per share	33	(0.0018)	(0.0108)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Lakes Oil NL
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	8	630,791	2,468,897
Trade and other receivables	9	121,220	199,000
Held for sale asset	10	-	375,000
Other financial assets	11	365,939	386,512
Prepayments		150	48,339
Total current assets		1,118,100	3,477,748
Non-current assets			
Other receivables		12,000	12,000
Property plant and equipment	12	693,471	606,035
Exploration and evaluation	13	23,009,426	16,765,220
Total non-current assets		23,714,897	17,383,255
Total assets		24,832,997	20,861,003
Liabilities			
Current liabilities			
Trade and other payables	14	2,929,734	2,211,166
Borrowings	15	543,995	-
Provisions	16	122,539	87,702
Other current liabilities	17	486,000	1,726,000
Total current liabilities		4,082,268	4,024,868
Non-current liabilities			
Provisions	18	550,000	550,000
Convertible Note	19	3,832,432	-
Total non-current liabilities		4,382,432	550,000
Total liabilities		8,464,700	4,574,868
Net assets		16,368,297	16,286,135
Equity			
Issued capital	20	133,641,199	133,389,920
Reserves	21	479,202	23,666
Accumulated losses		(117,842,470)	(117,222,951)
Equity attributable to the owners of Lakes Oil NL		16,277,931	16,190,635
Non-controlling interest		90,366	95,500
Total equity		16,368,297	16,286,135

The above statement of financial position should be read in conjunction with the accompanying notes

Lakes Oil NL
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Share based payment reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	127,044,347	19,800	(113,859,421)	-	13,204,726
Profit/(loss) after income tax expense for the year	-	-	(3,363,530)	14,182	(3,349,348)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,363,530)	14,182	(3,349,348)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	6,345,573	-	-	-	6,345,573
Share-based payments	-	3,866	-	-	3,866
Non-controlling interest	-	-	-	81,318	81,318
Balance at 30 June 2019	133,389,920	23,666	(117,222,951)	95,500	16,286,135

Consolidated	Issued capital $	Convertible notes reserve $	Share based payment reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2019	133,389,920	-	23,666	(117,222,951)	95,500	16,286,135
Loss after income tax expense for the year	-	-	-	(619,519)	(5,134)	(624,653)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(619,519)	(5,134)	(624,653)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	251,279	-	-	-	-	251,279
Share-based payments	-	-	74,600	-	-	74,600
Convertible notes	-	380,936	-	-	-	380,936
Balance at 30 June 2020	133,641,199	380,936	98,266	(117,842,470)	90,366	16,368,297

The above statement of changes in equity should be read in conjunction with the accompanying notes

Lakes Oil NL
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Receipts on other income		2,499	2,500
Payments to suppliers and employees		(900,424)	(2,270,986)
Payments for exploration and evaluation costs		-	(1,483,935)
Interest received		12,554	19,271
Net cash used in operating activities	32	(885,371)	(3,733,150)
Cash flows from investing activities			
Payments for exploration and evaluation costs		(6,328,308)	-
Proceeds from disposal of financial assets		20,573	-
Proceeds from sale of land		375,000	318,182
Cash acquired on acquisition of Rawson Oil and Gas Limited		-	2,511,214
Investments in Term Deposit		-	(154,828)
Net cash from/(used in) investing activities		(5,932,735)	2,674,568
Cash flows from financing activities			
Proceeds from issue of shares		-	2,269,708
Share issue transaction costs		-	(28,779)
Proceeds from issue of convertible notes		3,979,000	-
Advances received for convertible notes		486,000	-
Proceeds from borrowings		515,000	-
Net cash from financing activities		4,980,000	2,240,929
Net increase/(decrease) in cash and cash equivalents		(1,838,106)	1,182,347
Cash and cash equivalents at the beginning of the financial year		2,468,897	1,286,550
Cash and cash equivalents at the end of the financial year	8	630,791	2,468,897

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Lakes Oil NL as a consolidated entity consisting of Lakes Oil NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lakes Oil NL's functional and presentation currency.

Lakes Oil NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 December 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

None of these Accounting Standards and Interpretations had a material effect.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straightline operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

In applying AASB 16, there were no right-of-use assets and corresponding lease liabilities recognised in the statement of financial position. There was no impact as the consolidated entity was not party to any leases formerly classified as operating leases.

Note 2. Significant accounting policies (continued)

Going concern
The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred an operating loss after income tax expense for the year ended 30 June 2020 of $624,653 (2019: $3,349,348) and at reporting date has net assets of $16,368,297 (2019: $16,286,135) including $23,009,426 (2019: $16,765,220) of capitalised exploration, evaluation and development costs. The consolidated entity's working capital position, being current assets less current liabilities was deficit of $2,964,168 at 30 June 2020 (2019: $547,120). During the period the consolidated entity had a negative cash flow from operating activity of $885,371 (2019: $3,733,150).

The consolidated entity has prepared a detailed cash flow forecast which includes the assumption of capital raisings to the minimum amount of $3 million which is anticipated to occur within five months to cover working capital requirements.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the consolidated entity's existing cash reserves and internal cash flow forecasts which include their current estimate of expected future capital raisings and future financial commitments and other cash flows over the next 12 months.

The consolidated entity has prepared a detailed cash flow forecast covering twelve months from the date of this report. However, if the actual outcomes differ significantly from the cash flow forecasts and the consolidated entity has additional cash requirements, the consolidated entity may need to take one or more of the following measures when necessary:
- Raise additional capital. The consolidated entity has demonstrated its ability to raise capital during the year and the Directors are confident that a future capital raising would be successful;
- Sale or mortgage of property;
- Continue to reduce corporate overhead costs;
- Continue to pursue opportunities to farm-out part of the consolidated entity's exploration interests, however at the date of this report no agreements have been signed;

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the event these steps do not provide sufficient funds to meet the consolidated entity's exploration and operating commitments, the interest in some or all of the consolidated entity's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having carefully assessed the potential uncertainties relating to the consolidated entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the consolidated entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial report covers Lakes Oil NL and controlled entities as a consolidated entity. Lakes Oil NL is a no-liability company incorporated and domiciled in Australia. Lakes Oil NL is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors at the date of the directors' report.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation to fair value of financial assets to fair value and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lakes Oil NL ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Lakes Oil NL and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Lakes Oil NL's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Investment and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Financial liabilities
Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses, assets and liabilities (exclude receivables and payables) are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Comparatives
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets arising from tax losses are not recognised at balance date as realisation of the benefit is not probable.

Employee benefits provision
As discussed in Note 16, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for restoration costs
A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration costs
Exploration costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The Consolidated Entity operates in one industry being exploration for oil and gas reserves, principally in Australian on-shore (Victoria, South Australia and Queensland), Papua New Guinea (PNG) and the United States of America (USA). Currently the consolidated entity does not generate any revenues from contracts with customers and only incurred expenses on operations and exploration activities. Therefore, the Consolidated Entity does not prepare operating segment reports, rather operational results are reviewed collectively for the group.

Note 5. Other income

	Consolidated	
	2020	**2019**
	$	**$**
Government grants*	1,726,000	761,272
Other income	2,499	91,024
	1,728,499	852,296

*Government grants represent the residual amounts previously received from the South Australian Government's PACE gas scheme in December 2017 in relation to the Joint Operation on PEL155 with Vintage Energy Limited.

Accounting policy for government grants
Government grant is recognised in the statement of profit or loss and other comprehensive income on a systematic basis over the periods in which the consolidated entity recognises as expenses the related costs for which the grants are intended to compensate.

Accounting policy for other income
Other income is recognised when it is received or when the right to receive payment is established.

Note 6. Expenses

	Consolidated 2020 $	Consolidated 2019 $
Loss before income tax includes the following specific expenses:		
Depreciation expense		
Property, plant and equipment	15,844	18,649
Impairment expense		
Impairment of exploration and evaluation assets	99,117	211,171
Administrative expenses		
Travel and accommodation	62,517	61,105
Share registry costs and listing fees	98,163	267,608
Legal fees	624,629	601,578
Directors fees	96,008	76,553
Insurance premiums	67,220	169,109
Office expenses	13,437	46,559
Copier, postage and courier costs	36,580	158,006
Consultancy, accountancy and secretarial fees	278,268	304,509
Less portion attributed to exploration permits capitalised	(318,717)	(169,698)
Total administrative	958,105	1,515,329

Specific items
There are no additional revenues or expenses whose disclosure is relevant in explaining the financial performance of the entity.

Note 7. Income tax

	Consolidated 2020 $	Consolidated 2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(624,653)	(3,349,348)
Tax at the statutory tax rate of 27.5%	(171,780)	(921,071)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses and timing differences	20,515	72
Impairment of exploration and evaluation assets	27,257	58,072
Non-deductible research and development expense	35,787	352,087
Amounts not brought to account as DTA in the current year	(566,800)	402,668
	(655,021)	(108,172)
Benefit of tax losses not brought to account	655,021	108,172
Income tax expense	-	-

Note 7. Income tax (continued)

	Consolidated	
	2020	**2019**
	$	**$**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	84,832,925	83,243,386
Potential tax benefit @ 27.5%	23,329,054	22,891,931

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed or, failing that, the same business test is passed.

The taxation benefits of tax losses and temporary differences will only be recognised if:
(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
(iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Lakes Oil NL (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity is responsible for recognising the current and deferred tax assets arising in respect of tax losses for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	$	$
Cash at bank	560,291	2,398,397
Cash on deposit	70,500	70,500
	630,791	2,468,897

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2020	2019
	$	$
Other receivables	88,819	89,262
Rental deposit	3,262	3,262
GST receivable	29,139	106,476
	121,220	199,000

Trade debtors are non-interest bearing and generally on 30 day terms.

Allowance for expected credit losses
The ageing of the receivables provided for above are as follows:

	Consolidated	
	2020	2019
	$	$
Not past due (within 30 days)	121,220	196,250
Past due (outside 30 days)	-	2,750
	121,220	199,000

The consolidated entity's management considers that all financial assets that are not impaired or past due are of good credit quality.

Accounting policy for trade and other receivables
Trade and other receivables are measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Impairment
Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model.

Note 10. Current assets - held for sale asset

	Consolidated 2020 $	2019 $
Held for sale asset - Land	-	375,000

The sale transaction on the held for sale asset was settled in August 2019.

Accounting policy for held for sale assets
Assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 11. Current assets - other financial assets

	Consolidated 2020 $	2019 $
Short term deposits	365,939	386,512

Short term deposits are investments in bank term deposits with an initial maturity of more than three months but not more than twelve months. Interest on term deposits are accrued using the effective interest method. The funds are restricted for use as bank guarantees over Rawson tenements.

Note 12. Non-current assets - property plant and equipment

	Consolidated 2020 $	2019 $
Land and buildings - at cost	1,177,877	1,216,477
Less: Accumulated depreciation	-	(103,856)
Less: Accumulated Impairments	(512,130)	(548,410)
	665,747	564,211
Plant and equipment - at cost	456,940	491,378
Less: Accumulated depreciation	(429,216)	(449,554)
	27,724	41,824
	693,471	606,035

Note 12. Non-current assets - property plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $	Plant and equipment $	Total $
Balance at 1 July 2018	945,478	42,884	988,362
Additions	-	2,863	2,863
Additions through RAW acquisition	-	8,459	8,459
Transfers to held for sale asset	(375,000)	-	(375,000)
Depreciation expense	(6,267)	(12,382)	(18,649)
Balance at 30 June 2019	564,211	41,824	606,035
Adjustment to transfer of asset held for sale*	101,536	-	101,536
Depreciation expense	-	(14,100)	(14,100)
Balance at 30 June 2020	665,747	27,724	693,471

* The balance represents the gain from sale of asset, which was classified as held for sale as at 30 June 2019. As at 30 June 2019 the written down value of this asset was $273,464. We note that the gain on disposal should have been recognised in the prior period. The gain of $101,536 is not considered material to the Group and has therefore been adjusted in the current year.

Accounting policy for property, plant and equipment
Land and buildings are carried at cost, less depreciation and impairment for buildings. Impairments and deprecation identified during the period are recognised in the statement of profit and loss and other comprehensive income.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on plant and equipment is calculated on a diminishing value basis to write off the net cost of each item over their expected useful lives. Depreciation on leasehold improvements is calculated on a straight line basis to write off the net cost of the items over the relevant lease term. The expected useful lives are as follows:

Motor vehicles	5 years
Technical equipment	3-10 years
Computer equipment	3 years
Plant and equipment	7 years
Office Equipment	8 years
Building	40 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Non-current assets - exploration and evaluation

	Consolidated 2020 $	Consolidated 2019 $
Exploration and evaluation	74,965,937	68,634,329
Less: Provision for impairment	(51,956,511)	(51,869,109)
	23,009,426	16,765,220

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	$
Balance at 1 July 2018	11,195,486
Additions through Rawson acquisition	4,291,725
Expenditure during the year	1,489,180
Impairment of assets	(211,171)
Balance at 30 June 2019	16,765,220
Expenditure during the year	6,331,608
Impairment of assets	(87,402)
Balance at 30 June 2020	23,009,426

Significant judgment is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. During the financial year, the Company incurred $6,331,608 exploration costs, mainly relating to Nangwarry-1 exploration well. It was successfully drilled in 1st quarter 2020 and made a CO_2 discovery in two intervals within the Pretty Hill Sandstone Formation. The necessary approvals to conduct the testing of the well are currently being obtained from the relevant South Australian Government departments with no delays expected from this process.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective permit areas.

Accounting policy for exploration and evaluation assets
Costs arising from exploration activities are carried forward provided such costs are expected to be recouped through successful development or sale, or exploration activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. AASB 6 Exploration for and Evaluation of Mineral Resources requires that the company perform impairment tests on those assets when facts and circumstances suggest that the carrying amount may be impaired.

Exploration expenses are recognised net of exploration costs written off and rebate and grant income and joint operation contributions received. Rebate and grant income and joint operation contributions received in excess of net exploration costs are recognised as income. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Where a farminee (a farminee is a joint operation partner which earns an interest in a tenement by funding the costs of appraisal, development or exploration) contributes towards exploration expenditure, the exploration expenditure is deferred and then the deferred exploration expenditure is reduced by the value of the reimbursements received from the farminee.

Note 13. Non-current assets - exploration and evaluation (continued)

Restoration costs
Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, platform removal and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs that have been discounted to their present value. Any changes in the estimates are adjusted on a retrospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such wells in the future. Refer to note 18.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2020	**2019**
	$	**$**
Trade and accrued payables	1,318,806	922,853
Payable to Innovation Science Australia *	1,297,000	1,280,318
Settlement of legal costs**	260,079	-
Other payables	53,849	7,995
	2,929,734	2,211,166

Refer to note 23 for further information on financial instruments.

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and normally are settled on 30 to 90 day terms.
(ii) Accrued and other payables are non-interest bearing and are normally settled on 30 to 90 day terms, following billing by suppliers.

*The amount noted above relates to a payable to Innovation Science Australia in relation to a prior research and development claim which has subsequently been rejected. The consolidated entity is rigorously defending its position and is currently appealing the rejection.

**On 17 December 2019, the consolidated entity announced that the appeal against the decision had not successful. Costs in relation to the matter have been awarded in favour of the Minster for Energy & Resources (Victoria). The consolidated entity is liable to pay a portion of the Victorian Attorney General's Department costs. As at 30 June 2020, $260,079 has been accrued in relation to this matter.

Accounting policy for trade payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at their nominal amount. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

Note 15. Current liabilities - borrowings

	Consolidated 2020 $	2019 $
Loan from related party*	543,995	-

Refer to note 23 for further information on financial instruments.

On 14 February 2020, Samuel Capital Pty Ltd, an entity controlled by Mr Nicholas Mather (Non-Executive Director), provided an unsecured loan of $515,000 to fund the drilling of Nagwarry-1 exploration well. The loan attracts an Interest of 15% per annum. As at 30 June 2020, $28,995 interest expense has been accrued.

Note 16. Current liabilities - provisions

	Consolidated 2020 $	2019 $
Annual leave	42,108	21,651
Long service leave	80,431	66,051
	122,539	87,702

Accounting policy for employee benefits

Short-term employee benefits
Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employment benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables. Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Termination benefits
When applicable, the consolidated entity recognises a liability and expense for termination benefits at the earlier of:
(a) the date when the entity can no longer withdraw the offer for termination benefits; and
(b) when the entity recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

Note 17. Current liabilities - other current liabilities

	Consolidated 2020 $	2019 $
Deferred Government Grant *	-	1,726,000
Funds received for convertible notes**	486,000	-
	486,000	1,726,000

*The Joint Operation in relation to PEL155 with Vintage Energy Limited was awarded $4.95 million under the South Australian Government PACE gas scheme in December 2017. As at 30 June 2019, the consolidated entity recognised $1,726,000, being their share of the remaining unspent grants, as deferred income. During the current financial year the consolidated entity has recognized the income of $1,726,000 according to the PACE Agreement, as the Joint Operation completed the exploration and evaluation activities.

**This balance relates to application money received for Tranche 5 of the Convertible Redeemable Notes, which was subsequently issued on 13 July 2020.

Note 18. Non-current liabilities - provisions

	Consolidated	
	2020	**2019**
	$	**$**
Restoration costs	300,000	300,000
Provision for royalties	250,000	250,000
	550,000	550,000

Accounting policy for provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

The provision for royalties represents the fair value of a royalty payable that was determined when Rawson Oil and Gas Limited acquired its interest in Otway Energy Limited. The royalty is payable when production of oil and gas occurs from PEL154 and PEL155.

Note 19. Non-current liabilities - Convertible Note

	Consolidated	
	2020	**2019**
	$	**$**
Convertible notes	3,598,064	-
Interest payable on convertible notes	234,368	-
	3,832,432	-

$3,979,000 convertible note placement arrangement including equity component of $380,936

During the year ended 30 June 2020, the consolidated entity issued 4,421,111,113 convertible notes in four tranches to sophisticated investors, raising $3,979,000 before cost.

The primary terms of the convertible note are:
Issuer: Lakes Oil NL
Face value: $1,540,000 ($0.0009 per note)
Interest: 15% pa - payable half yearly in arrears
Maturity date: 31 December 2021
Conversion at holder election: each note is convertible at any time at the holder's election into one ordinary share of the Issuer.

Subsequent to year end, $234,368 Interest accrued to 30 June 2020 were settled in convertible notes following shareholders approval on 22 September 2020.

Note 19. Non-current liabilities - Convertible Note (continued)

Valuation methodology

The value of a Convertible Note that meets the 'fixed-for-fixed' test of AASB 132 *Financial instrument presentation* due to its fixed conversion price attached to the Note, is calculated by firstly determining the fair value of the liability component i.e. the stream of contractual cashflows received over the life of the Note discounted at a rate applicable to an identical debt instrument with no conversion feature.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The Convertible Notes were fair valued by an independent valuer using following key assumptions:

Tranches	Valuation date	Conversion price $	Discount rate %	Coupon rate %	Interest payment frequency	Maturity date
Tranche 1	12/12/2019	$0.0009	22.00%	15.00%	Half-yearly	31/12/2021
Tranche 2	27/12/2019	$0.0009	22.00%	15.00%	Half-yearly	31/12/2021
Tranche 3	02/03/2020	$0.0009	22.00%	15.00%	Half-yearly	31/12/2021
Tranche 4	18/03/2020	$0.0009	22.00%	15.00%	Half-yearly	31/12/2021

Note 20. Equity - issued capital

	Consolidated			
	2020 Shares	**2019 Shares**	**2020 $**	**2019 $**
Ordinary shares - fully paid	33,668,753,141	33,342,875,761	133,641,199	133,389,920

Note 20. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares		$
Balance	1 July 2018	28,776,319,346		127,044,347
Share issued to as part Rawson Oil and Gas Limited Off Market Takeover Bid	14 September 2018	1,365,579,780	$0.0021	2,990,620
Share issued to as part Rawson Oil and Gas Limited Off Market Takeover Bid	9 October 2018	153,576,015	$0.0021	336,331
Share placement	17 December 2018	350,000,000	$0.0010	350,000
Shares issued to Directors in lieu of fees	15 January 2019	13,380,680	$0.0010	13,381
Shares issued to Directors in lieu of fees	14 February 2019	13,380,680	$0.0010	13,381
Shares issued to Directors in lieu of fees	14 February 2019	10,000,000	$0.0010	10,000
Non-renounceable rights issue	22 February 2019	2,080,467,190	$0.0010	2,080,467
Shares issued to Directors in lieu of fees	14 March 2019	13,380,680	$0.0010	13,381
Shares issued to Directors in lieu of fees	8 April 2019	13,380,680	$0.0010	13,381
Shares issued to Directors in lieu of fees	8 April 2019	10,000,000	$0.0010	10,000
Shares issued to settle third party liabilities	8 April 2019	50,000,000	$0.0010	50,000
Shares issued to settle third party liabilities	8 April 2019	364,035,400	$0.0010	364,035
Shares issued to Directors in lieu of fees	10 May 2019	13,050,330	$0.0010	13,050
Shares issued under prospectus offer to Rawson Oil and Gas Ltd	5 June 2019	57,992,820	$0.0010	57,993
Shares issued to Directors in lieu of fees	14 June 2019	11,536,900	$0.0010	11,537
Shares issued to acquire minority interest in Dondonald Limited	14 June 2019	46,795,260	$0.0010	46,795
Capital raising costs		-	$0.0000	(28,779)
Balance	30 June 2019	33,342,875,761		133,389,920
Shares issued to Directors in lieu of fees	12 July 2019	11,536,900	$0.0001	11,537
Shares issued to Directors in lieu of fees	14 August 2019	11,536,900	$0.0001	11,537
Shares issued to Directors in lieu of fees	13 September 2019	11,536,900	$0.0001	11,537
Share issued under Loan Funded Share Offer*	24 December 2019	74,600,000	$0.0001	-
Shares issued to Directors in lieu of fees	15 January 2020	5,555,560	$0.0001	5,556
Shares issued to Director in lieu of consulting fees	17 January 2020	200,000,000	$0.0001	200,000
Shares issued to Directors in lieu of fees	14 February 2020	5,555,560	$0.0001	5,556
Shares issued to Directors in lieu of fees	13 March 2020	5,555,560	$0.0001	5,556
Balance	30 June 2020	33,668,753,141		133,641,199

*On 24 December 2019, the Company issued 74,600,000 loan funded shares to a key management personnel for nil consideration, expiring 24 December 2024. The shares were issued in three tranches with the following vesting conditions:

- Tranche 1 – Successful farm-out of PNG asset PPL 560 (or other successful transaction to be approved at the Board's discretion)
- Tranche 2 – 1 year from date of grant
- Tranche 3 – 2 year from date of grant

The loan funded shares were valued at $0.001 (0.1 cent) and recognised as share based payment reserve in accordance with AASB 2. As at 30 June 2020, none of the loan funded shares were vested.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limit on authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 20. Equity - issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity and paid up capital is recognised at the fair value of the consideration received by the consolidated entity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 21. Equity - reserves

	Consolidated	
	2020	**2019**
	$	**$**
Share-based payments reserve	98,266	23,666
Convertible notes reserve	380,936	-
	479,202	23,666

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 21. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments reserve $	Convertible notes reserve $	Total $
Balance at 1 July 2018	19,800	-	19,800
Share options issued as part of takeover of Rawson Oil and Gas Limited	3,866	-	3,866
Balance at 30 June 2019	23,666	-	23,666
Share based payments on loan funded shares	74,600	-	74,600
Equity component of Convertible notes issued	-	380,936	380,936
Balance at 30 June 2020	98,266	380,936	479,202

Note 22. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The board of directors has overall responsibility for identifying and managing operational and financial risks. The consolidated entity does not have any derivative instruments at the reporting date.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The consolidated entity is not currently exposed to any material fluctuations in foreign currencies.

Market or Price risk
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk).

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Cash deposits attract interest at the prevailing floating interest rate. The interest rate risk on cash and cash equivalents does not have a material effect on the consolidated entity.

Note 23. Financial instruments (continued)

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity does not have any material credit risk exposure to cash on hand or any single receivable or group of receivables under financial instruments entered into by the consolidated entity. This risk is managed by ensuring the consolidated entity only trades with parties that are able to trade on the consolidated entity's credit terms. Additionally cash at bank is held with a major Australian bank.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity continues monitor its cash reserves in relation to its contractual liabilities to determine that they have sufficient working capital to continue as a going concern. Refer to note 2 for going concern plans and uncertainties.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	Less than 6 months $	Between 6 and 12 months $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	2,929,734	-	-	-	2,929,734
Interest-bearing - fixed rate						
Convertible notes payable	15.00%	-	-	3,832,432	-	3,832,432
Loan from related party	15.00%	543,995	-	-	-	543,995
Total non-derivatives		3,473,729	-	3,832,432	-	7,306,161

Note 23. Financial instruments (continued)

Consolidated - 2019	Weighted average interest rate %	Less than 6 months $	Between 6 and 12 months $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	2,211,166	-	-	-	2,211,166
Total non-derivatives		2,211,166	-	-	-	2,211,166

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the consolidated entity are as follows:

	2020		**2019**	
Consolidated	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Assets				
Cash and cash equivalents	630,791	630,791	2,468,897	2,468,897
Trade and other receivables	121,220	121,220	199,000	199,000
Other financial assets	365,939	365,939	386,512	386,512
	1,117,950	1,117,950	3,054,409	3,054,409
Liabilities				
Trade and other payables	2,929,734	2,929,734	2,211,166	2,211,166
Loan from related party	543,995	543,995	-	-
Convertible notes	3,832,432	3,832,432	-	-
	7,306,161	7,306,161	2,211,166	2,211,166

Note 24. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020 $	**2019 $**
Short-term employee benefits	234,918	329,051
Post-employment benefits	22,317	34,551
Long-term benefits	9,678	4,150
Share-based payments	329,093	258,868
	596,006	626,620

Director transactions

Note 24. Key management personnel disclosures (continued)

All amounts paid to Directors and director-related entities were charged on commercial and arm's-length terms and conditions.

Mr Nicholas Mather and Mr Roland Sleeman are Directors of Armour Energy Ltd. Armour Energy Ltd is party to an agreement with Lakes Oil NL as described in the tenement table detailed in the shareholder information section.

Mr Nicholas Mather's remuneration is settled via an entity that is controlled by Mr Mathers called Samuel Capital Pty Ltd. Samuel Capital Pty Ltd also provided an unsecured loan of $515,000 to the Company during the financial year. This loan attracts an interest of 15% per annum. The principle and interest of this loan remain unpaid as at 30 June 2020.

Mr Roland Sleeman's remuneration is also settled via an entity controlled by Mr Sleeman ATF The Sleeman Trust.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2020	**2019**
	$	**$**
Audit services - William Buck (2019: Pitcher Partners)		
Audit or review of the financial statements	36,000	80,000
Other services - William Buck (2019: Pitcher Partners)		
Taxation services	-	5,500
	36,000	85,500

Note 26. Contingent liabilities

The consolidated entity had litigation against the Minster for Energy & Resources (Victoria) in relation to the moratorium on petroleum exploration in place in that State (the Moratorium litigation) during the year.

On 17 December 2019, the consolidated entity announced that the appeal against the decision had not successful. Costs in relation to the matter have been awarded in favour of the Minster for Energy & Resources (Victoria) however are yet to be quantified.

In relation to the original hearing, where the consolidated entity won on some issues and lost on others, Justice Macaulay made an order on 9 November 2018 that the consolidated entity pay 50 percent of the Minister's costs of the proceedings.

Whilst it is extremely difficult to estimate the quantum of the Minister's costs that the consolidated entity might be ordered to pay, it is estimate that those costs may be in the vicinity of $210,000 for the original proceedings and $110,000 for the appeal.

Note 27. Commitments

	Consolidated	
	2020	**2019**
	$	**$**
Bank guarantees in relation to rental premises and exploration permits		
Maximum amount bank may call	436,439	457,012

Note 27. Commitments (continued)

Exploration commitments
The consolidated entity retains interests in exploration tenements via direct ownership and participation in joint operations. To continue these interests a work program is maintained in each tenement for various periods up to six years. Each work program has minimum expenditure and exploration activity requirements which must be satisfied to retain the permit.

The current financial commitment as at 30 June 2020 on the work programs across all tenements for the next 24 months is $245K (30 June 2019: $19.5m).

$160K of the current financial commitment relates to the annual fees in relation to the entity's Queensland, South Australian and Papua New Guinea tenements with the remaining $85K relates to annual rentals and applications for suspensions and extensions in relation to the entity's Victorian tenements, on the basis that the Victorian Government has not approved any exploration activities under our work programs since the imposition of its administrative moratorium in 2013. The moratorium is legislated to end on 30th June 2021 and Lakes will be able to submit applications for approval to recommence work across its Victorian acreage but it is not expected to conducted any activities on the ground in 2021 due to the time taken for the granting of the approvals. .

The final cost to the consolidated entity is uncertain as it will be dependent on the extent of the works actually undertaken, the negotiated costs and whether or not the consolidated entity is able to secure contributions from other parties such as a farminee (A farminee is a joint operation partner who earns an interest in a tenement by funding the costs of appraisal, development or exploration).

Note 28. Related party transactions

Ultimate parent
Lakes Oil NL is the ultimate Australian parent entity.

Interests in subsidiaries are set out in note 30.

Joint operations
Interest in joint operations are set out in note 34.

Director-related entity
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Director transactions
All amounts paid to Directors and director-related entities were charged on commercial and arm's-length terms and conditions.

Directors of Lakes Oil NL Nicholas Mather and Roland Sleeman are Directors of Armour Energy Ltd. Armour Energy Ltd is party to an agreement with Lakes Oil NL as described in the tenement table detailed in the shareholder information section.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Current payables:		
Trade payables to key management personnel	170,200	-

Note 28. Related party transactions (continued)

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2020 $	2019 $
Non-current borrowings:		
Loan from key management personnel	543,995	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $	2019 $
Loss after income tax	(1,862,955)	(3,358,253)
Total comprehensive income	(1,862,955)	(3,358,253)

Statement of financial position

	Parent	
	2020 $	2019 $
Total current assets	3,924,990	3,797,089
Total assets	16,430,569	11,721,936
Total current liabilities	3,952,885	1,156,491
Total liabilities	7,785,317	1,156,491
Equity		
Issued capital	133,638,133	133,389,633
Share-based payments reserve	98,266	23,666
Convertible notes reserve	380,936	-
Accumulated losses	(125,472,083)	(122,847,854)
Total equity	8,645,252	10,565,445

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2020.

Contingent liabilities
Other than as disclosed in Note 26, the parent entity had no contingent liabilities as at 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2020.

Note 29. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
Commonwealth Mining Pty Ltd	Australia	100.00%	100.00%
EOIL Pty Ltd	Australia	100.00%	100.00%
Gippsland Petroleum Pty Ltd	Australia	100.00%	100.00%
Mirboo Ridge Pty Ltd	Australia	100.00%	100.00%
Otway Resources Pty Ltd	Australia	100.00%	100.00%
Owens Lane Pty ltd	Australia	100.00%	100.00%
Petro Tech Pty Ltd	Australia	100.00%	100.00%
Geothermal Energy Victoria Pty Ltd	Australia	100.00%	100.00%
Portland Energy Project Pty Ltd	Australia	100.00%	100.00%
The Gippsland Gas Corporation Pty Ltd	Australia	100.00%	100.00%
Three Corners Oil & Gas Pty Ltd	Australia	100.00%	100.00%
Lakes Oil Inc.	USA	100.00%	100.00%
NavGas Pty Ltd	Australia	100.00%	100.00%
Mingoola Gold Pty Ltd	Australia	100.00%	100.00%
Rawson Oil and Gas Limited	Australia	93.51%	93.51%
Dondonald Limited (through its interest in Rawson Oil and Gas Limited)	Papua New Guinea	93.51%	93.51%
Rawson Uranium Pty Ltd	Australia	93.51%	93.51%
Rawson Taranaki Limited	New Zealand	93.51%	93.51%
Otway Energy Limited	Australia	93.51%	93.51%

Note 31. Events after the reporting period

On 13 July 2020, the consolidated entity issued tranche five of the Convertible Notes issuing 540,000,000 at an issue price of $0.0009 (0.09 cents) per note raising a total of $486,000 (before costs).

On 14 October 2020, the consolidated entity issued 269,636,381 unlisted Convertible Redeemable Notes at an issue price of $0.0009 (0.09 cents) per note to the existing holders of the Notes for settlement of interest payable as at 31 December 2020. On this day the consolidated entity also issued 206,804,710 unlisted Convertible Notes at an issue price of $0.0009 (0.09 cents) per note in satisfaction of outstanding Director and CEO fees for services as approved by the shareholders in the General Meeting held on 22 September 2020.

On 14 October 2020, the consolidated entity issued 8,333,340 fully paid ordinary shares to Directors in lieu of outstanding Directors fees as approved by shareholders a General Meeting held on 22 September 2020.

On 22 December 2020, the consolidated entity announced that it had issued a total of 2,282,500,000 Unlisted Convertible Notes at an issue price of $0.0009 (0.09 cents) per note raising a total of $2,075,000 (before costs).

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax expense for the year	(624,653)	(3,349,348)
Adjustments for:		
Depreciation and amortisation	15,844	18,649
Net loss/(gain) on disposal of non-current assets	(91,356)	1,818
Share-based payments	-	258,868
Impairment expenses	99,117	211,171
Non-cash other income	(1,726,000)	(761,272)
Capital raising fee	276,740	-
Change in operating assets and liabilities:		
Decrease/(increase) in exploration and evaluation costs carried forward	37,215	(1,483,935)
Decrease/(increase) in receivables	62,765	58,904
Decrease in other current assets	48,189	(2,097)
Increase in trade and other payables	981,931	1,320,120
Increase/(decrease) in employee benefits	34,837	(6,028)
Net cash used in operating activities	(885,371)	(3,733,150)

Note 33. Earnings per share

	Consolidated 2020 $	Consolidated 2019 $
Loss after income tax	(624,653)	(3,349,348)
Non-controlling interest	5,134	(14,182)
Loss after income tax attributable to the owners of Lakes Oil NL	(619,519)	(3,363,530)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	33,509,171,851	31,012,889,649
Weighted average number of ordinary shares used in calculating diluted earnings per share	33,509,171,851	31,012,889,649

	Cents	Cents
Basic loss per share	(0.0018)	(0.0108)
Diluted loss per share	(0.0018)	(0.0108)

During the year the consolidated entity made a loss from continuing operations and therefore the options, performance rights and convertible notes over ordinary shares on issue are non-dilutive.

Accounting policy for earnings per share

Basic earnings loss share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Lakes Oil NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 33. Earnings per share (continued)

Diluted earnings loss share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 34. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of its joint operation in PEL155 JV. The joint operation agreement established joint control between Otway Energy Pty Ltd (a wholly owned subsidiary of Rawson Oil and Gas Limited) and Vintage Energy Pty ltd, and stipulated the rights, duties, obligations and liabilities of the Parties are several and not joint nor joint and several. These have been incorporated in the financial statements under the appropriate classifications. Information are material to the consolidated entity are set out below:

		Ownership interest	
	Principal place of business /	2020	2019
Name	**Country of incorporation**	**%**	**%**
PEL155 JV	Australia	50.00%	50.00%

The consolidated share of assets, liabilities, revenue and expenses in PEL155JV are noted as follows:

	2020 $	2019 $
Current assets		
Cash and Cash equivalent	85,123	2,151,481
Other financial assets	175,000	150,000
Trade and other receivables	79,859	77,797
Non current assets		
Exploration and evaluation assets	10,209,123	3,938,800
Total assets	10,549,105	6,318,078
Current liabilities		
Trade and other payables	(39,152)	(153,991)
Deferred government grants	-	(1,726,000)
Net assets	10,509,953	4,438,087

	2020 $	2019 $
Revenue		
Government grants	1,726,000	761,272
Other income	7,363	97,588
Expenses		
Administration and corporate costs	(301,999)	(111,956)
Net profit	1,431,364	746,904

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Ash
Chairman

24 December 2020

Lakes Oil NL

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report Lakes Oil NL (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided on the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $624,653 during the year ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by $2,964,168. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS
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Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Other Matter

The financial report of Lakes Oil NL, for the year ended 30 June 2019, was audited by another auditor who expressed a disclaimer of opinion on that report on 23 October 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF EXPLORATION AND EVAUATION ASSETS	
Area of focus **Refer also to notes 2 and 13**	**How our audit addressed it**
The Group has incurred exploration costs for their oil and gas projects in Australia, over several years. There is a risk that the accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate. An impairment review is only required if an impairment trigger is identified. Due to the nature of the oil and gas industry, indicators of impairment could include: — Changes to exploration plans; — Loss of rights to tenements; — Changes to reserve estimates; — Costs of extraction and production; or — Exchange rate factors. The accounting for this matter is complex and as such we have determined it a Key Audit Matter.	Our audit procedures included: — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of impairment charges recorded during the year; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; and — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest. We also assessed the adequacy of the Group's disclosures in respect of exploration costs in the financial report.

ACCOUNTING FOR CONVERTIBLE NOTES	
Area of focus **Refer to Notes 2 and 19**	**How our audit addressed it**
The Group issued convertible notes to various parties during the current financial year. Accounting for these transactions is complex, as the Group's accounting policy requires the separation at initial recognition, of an equity component due to the fact that the note demonstrates characteristics similar to equity in that the notes are converted at a fixed conversion price. The accurate recording of the transactions associated with the convertible notes is dependent on the following: — The share price as at the date of the issue of the convertible notes; and — Inputs associated with the features of the notes (interest rate, maturity, security). The accounting for this matter is complex and as such we have determined it a Key Audit Matter.	Our audit procedures included: — Understanding the terms of the convertible note agreement, including an assessment of classification between current and non-current for the underlying host contract and a determination of the value of the equity component of the notes. — Performed a cross check against our own findings and fair value with the independent valuation commissioned by management; and — Verifying that the values attributed to the transactions were in line with the terms of the convertible note agreements. We also assessed the adequacy of the Group's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of West Wits Mining Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 24 December 2020

The shareholder information set out below was applicable as at 22 December 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Quoted ordinary shares

	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares
1 to 1,000	353	104,683	-
1,001 to 5,000	225	721,067	-
5,001 to 10,000	407	3,546,025	0.01
10,001 to 100,000	3,557	181,119,983	0.54
100,001 and over	7,623	33,491,594,723	99.45
	12,165	33,677,086,481	100.00
Holding less than a marketable parcel	11,516*	6,593,590,017	-

*Minimum $ 500.00 parcel based on a price of $0.001 per share.

Unquoted options

	Number of holders of unquoted options	Number of unquoted options	% of holders of unquoted options
100,001 and over	7	30,308,000	100.00

Performance rights

	Number of holder of performance rights	Number of performance rights	% of performance rights
1,001 to 5,000	2	6,825	-
5,001 to 10,000	2	15,915	-
10,001 to 100,000	159	11,652,697	1.55
100,001 and over	523	741,200,594	98.45
	686	752,876,031	100.00

Convertible notes

	Number of holders of convertible notes	Number of convertible notes	% of holders of convertible notes
100,000 and over	20	7,720,052,204	100.00

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Dark Horse Resources Limited	10,008,714,010	29.72
Timeview Enterprises Pty Ltd	2,720,821,462	8.08
Armour Energy Ltd	2,125,000,000	6.31
DGR Global Limited	408,065,120	1.21
DGR Global Limited	334,094,250	0.99
Mr Duncan John Hardie	315,595,620	0.94
Sari Holdings Pty Ltd	236,111,140	0.70
Mr James Sinton Spence	227,656,080	0.68
Mr Allister Richardson	216,697,895	0.64
Mrs Lynley Hardi	208,521,000	0.62
Mr Peter Ashley Bubendorfer (Pajbubendorfer Family A/C)	199,081,164	0.59
Pacific Atlantic Commerce Pty Ltd (Highfield Super Fund A/C)	180,000,000	0.53
HSBC Custody Nominees (Australia) Limited	167,138,386	0.50
Citicorp Nominees Pty Limited	165,623,466	0.49
Wales Corporation Pty Ltd (John Anthony Nolan S/F)	150,000,000	0.45
Mr Kwok Kim Cho	143,500,000	0.43
Barney Berold	133,153,095	0.40
Mr John McGregor Skinner	124,571,094	0.37
Samuel Capital Pty Ltd	120,000,093	0.36
Marew Enterprises Pty Ltd	120,000,000	0.36
	18,304,343,875	54.37

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	30,308,000	7
Performance rights over ordinary shares issued	752,876,031	686
Convertible notes over ordinary shares issued	7,720,052,204	20

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held	% held
Gashunter Pty Ltd (Timothy O'Brien Family A/C)	Options over ordinary shares issued	20,000,000	65.99%
DGR Global Limited	Performance rights over ordinary shares issued	408,065,120	54.20%
Tenstar Trading Limited	Convertible notes over ordinary shares issued	3,521,920,109	45.62%

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Dark Horse Resources Limited	10,008,714,010	29.72
Timeview Enterprises Pty Ltd	2,720,821,462	8.08
Armour Energy Ltd	2,125,000,000	6.31

Voting rights

The voting rights attached to securities are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted options
The unlisted options on issue do not carry any voting rights.

Performance Rights
The performance rights on issue do not carry any voting rights.

Unlisted Convertible Redeemable Notes
The unlisted convertible redeemable notes on issue do not carry any voting rights.

There are no other classes of equity securities.

Tenements

Location (basin name)	Joint operation or Permit name	Interest owned %
Otway	PEP 163	100.00
Otway	PEP167	100.00
Otway	PEP 169	49.00
Otway	PEP175	100.00
Gippsland	PRL 2–Overall Permit	100.00
Gippsland	PRL 2–Trifon Field	57.50
Gippsland	PRL 3	100.00
Gippsland	PEP 166	75.00
Gippsland	VIC/P43(V)	100.00
Gippsland	VIC/P44(V)	100.00
Eromanga/Cooper E	ATP642P	100.00
Eromanga/Cooper E	ATP662P	100.00
California USA	Eagle Prospect	17.97
Surat/Bowen	ATP 1183	100.00
Pirie Torrens, SA	EL 5694	100.00
Otway	PEL 154	100.00
Otway	PEL 155	50.00
PNG	PPL 549	100.00
PNG	PPL 560	100.00