Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

LAKES OIL N.L.

ABN

62 004 247 214

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors	-	4
	Receipts from Joint Venture Partners	314	3,392
1.2	Payments for (a) exploration & evaluation	(466)	(4,402)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(526)	(1,255)
	(e) capital raising	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	6
1.5	Interest and other costs of finance paid	(31)	(41)
1.6	Income taxes (paid)/R&D Refund	-	-
1.7	Net movement in GST suspense account	674	908
	Net Operating Cash Flows	(32)	(1,388)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(4)	(4)
	(d) other investments	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) other investments	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(4)	(4)
1.13	Total operating and investing cash flows (carried forward)	(36)	(1,392)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(36)	(1,392)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,318	2,318
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	2,318	3,318
	Net increase (decrease) in cash held	2,282	1,926
1.20	Cash at beginning of quarter/year to date	918	1,274
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	3,200	3,200

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	75
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Salary paid to Executive Chairman for the three months to 31 Dec12 $63K
Directors' fees paid to a director for the 3 months to 31 Dec 12. $12K

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	750
4.2	Development	-
4.3	Production	-
4.4	Administration (Including GST payment $687K and interest costs associated with Converting Notes $458K)	1,845
	Total	**$2,595**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	3,200	918
5.2	Deposits at call	150	150
5.3	Bank overdraft	-	-
5.4	Other (provide details)Investments in Listed Companies – Market Value	552	607
	Total: cash at end of quarter (item 1.22)	3,902	1,675

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	PRL2	During the quarter Beach Energy Ltd and Somerton Energy Ltd elected not to exercise their 'Phase 2' option to earn further equity in PRL 2 beyond their "Phase 1' option interest (which, combined, is 15% of the Permit)		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil	Nil		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil		
7.3	**+Ordinary securities**	7,123,628,039	6,932,128,039		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,000,000	5,000,000	$0.005 per share	$0.005 per share
7.5	**+Convertible debt securities - Converting Notes pursuant to the Prospectus dated 23 October 2012**	229,318	229,318		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	229,318	229,318	$10 per Note	$10 per Note
7.7	**Options** *(description and conversion factor)*	9,850,000	Nil	*Exercise price $0.015*	*Expiry date 9 January 2013*
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	**Debentures** *(totals only)*	Nil	Nil		

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*	Nil	Nil

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 January 2013
Company secretary

Print name: Leslie Smith

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.