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Lakes Oil N.L.

**ASX
Announcement
And Media
Release**

25 November 2013

Lakes Oil NL

Annual General Meeting 2013

Chairman's Address to Shareholders

Chairman's Address to Shareholders

Please find attached the Chairman's address to Shareholders to be presented at today's Annual General Meeting.

Lakes Oil N.L.

ROBERT J. ANNELLS

Chairman

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Lakes Oil N.L.

'an unconventional oil & gas company'

www.lakesoil.com.au



**Lakes Oil N.L.
Annual General Meeting
25 November 2013**

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The forward looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Company, including to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward looking statements and the assumption on which those statements are based.



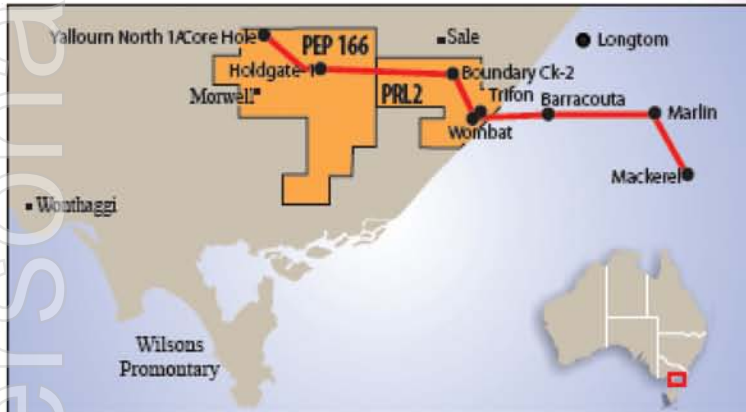
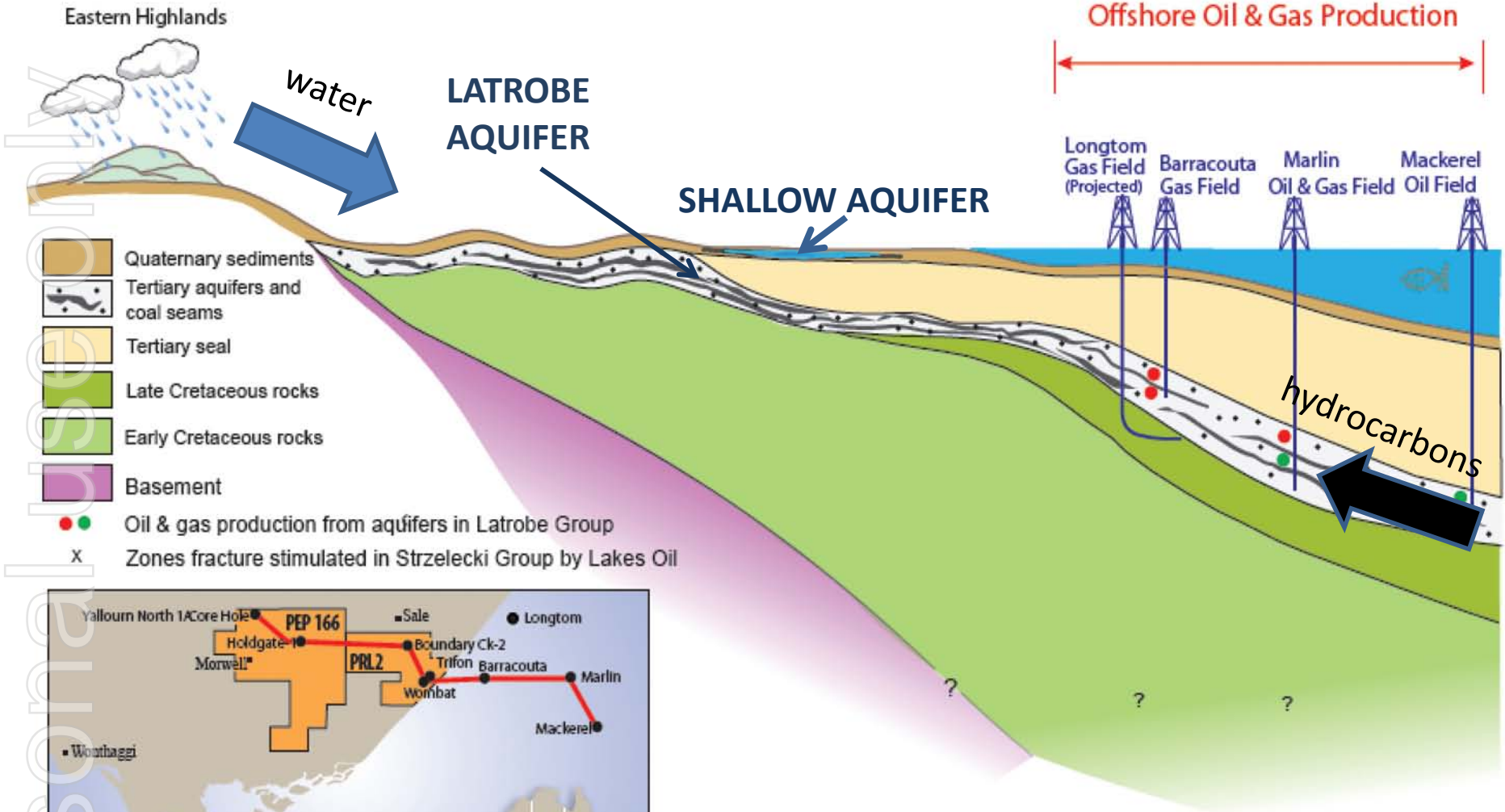
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The Environment





SIMPLIFIED DIAGRAMMATIC CROSS-SECTION
Not to Scale



LAKES OIL N.L.

NW

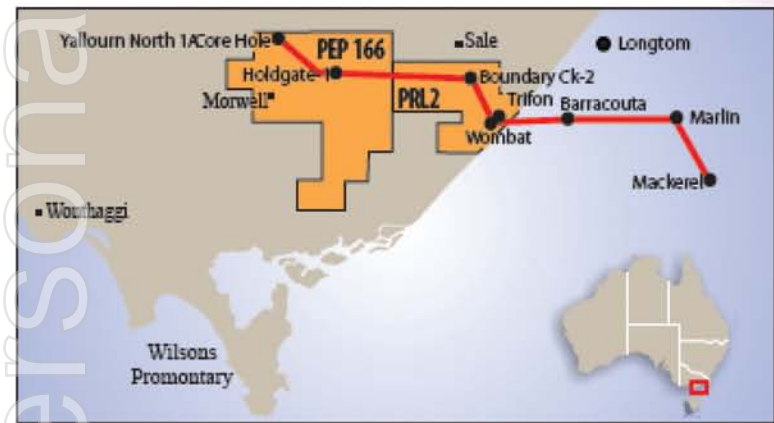
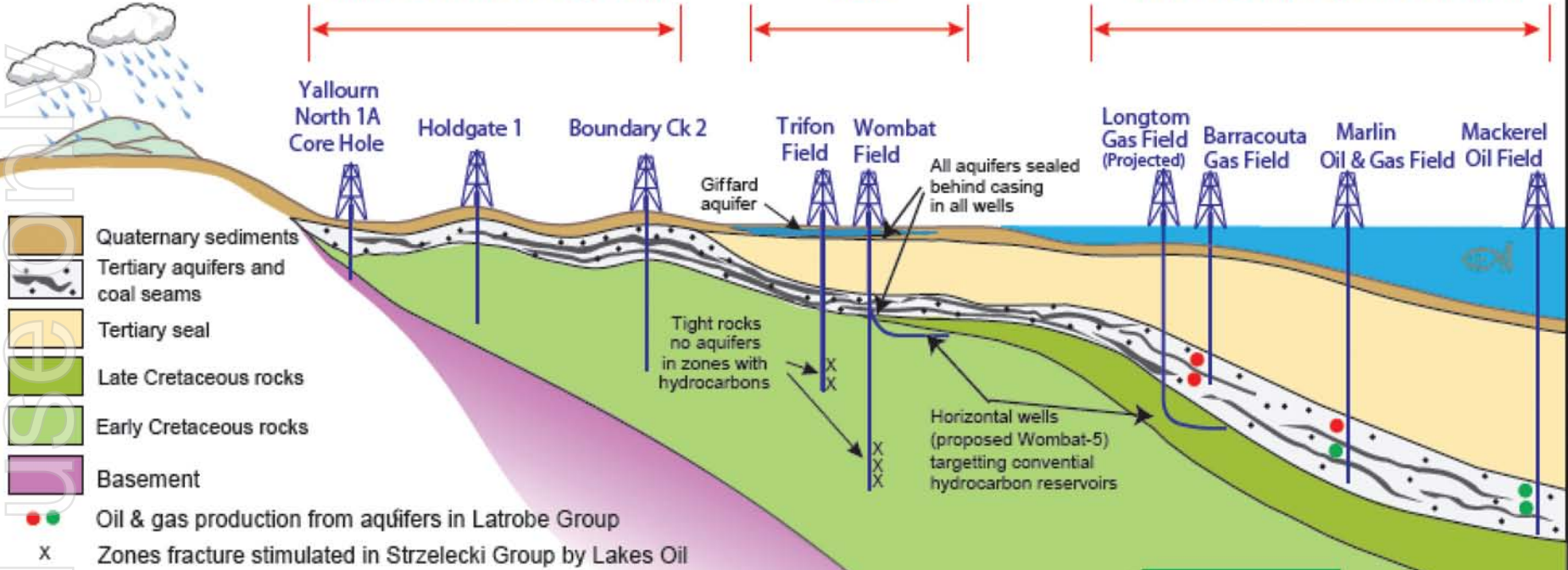
SE

Lakes
Seaspray Depression
Wells

Offshore Oil & Gas Production

Lakes Latrobe Valley Wells

Eastern Highlands



SIMPLIFIED DIAGRAMMATIC CROSS-SECTION
Not to Scale



Natural Gas Occurrence Mud Island in Gippsland Lakes

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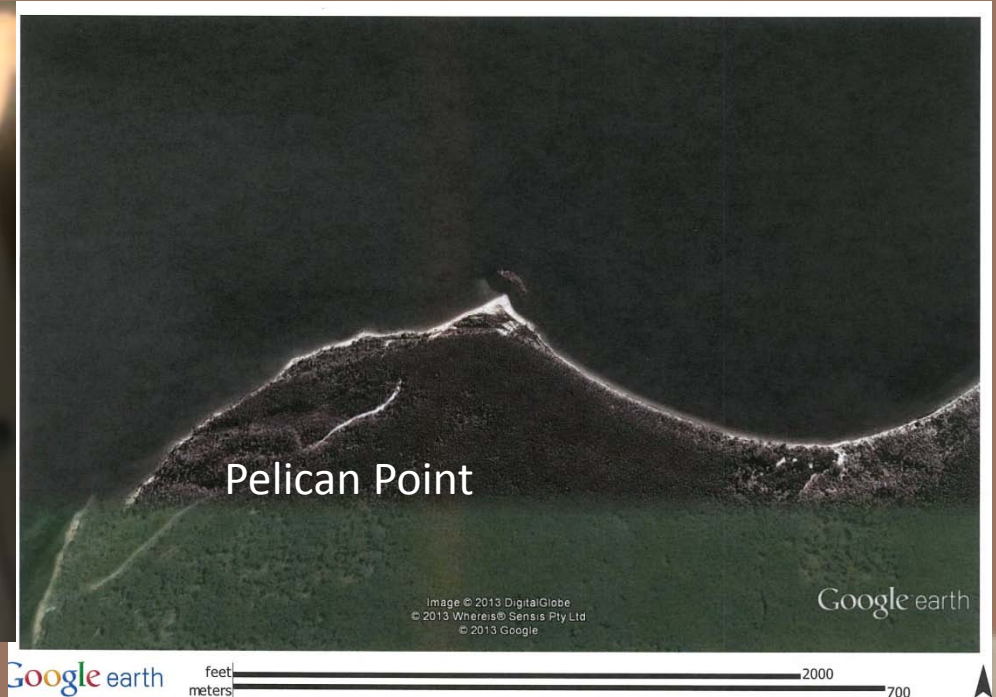


Natural Mud Island in Lake Victoria



2 September 2013

Aerial photo taken from light aircraft showing new mud island development



2009 Satellite image; no mud island offshore



Natural Gas and Water Occurring Together

Jones Bay, south of Bairnsdale

42 degrees C hot thermal springs with natural methane



Naturally occurring methane gas flame flowing from a shallow, hot thermal spring

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Key concerns

- Protection of freshwater aquifers
- That induced fractures could extend into aquifer zone

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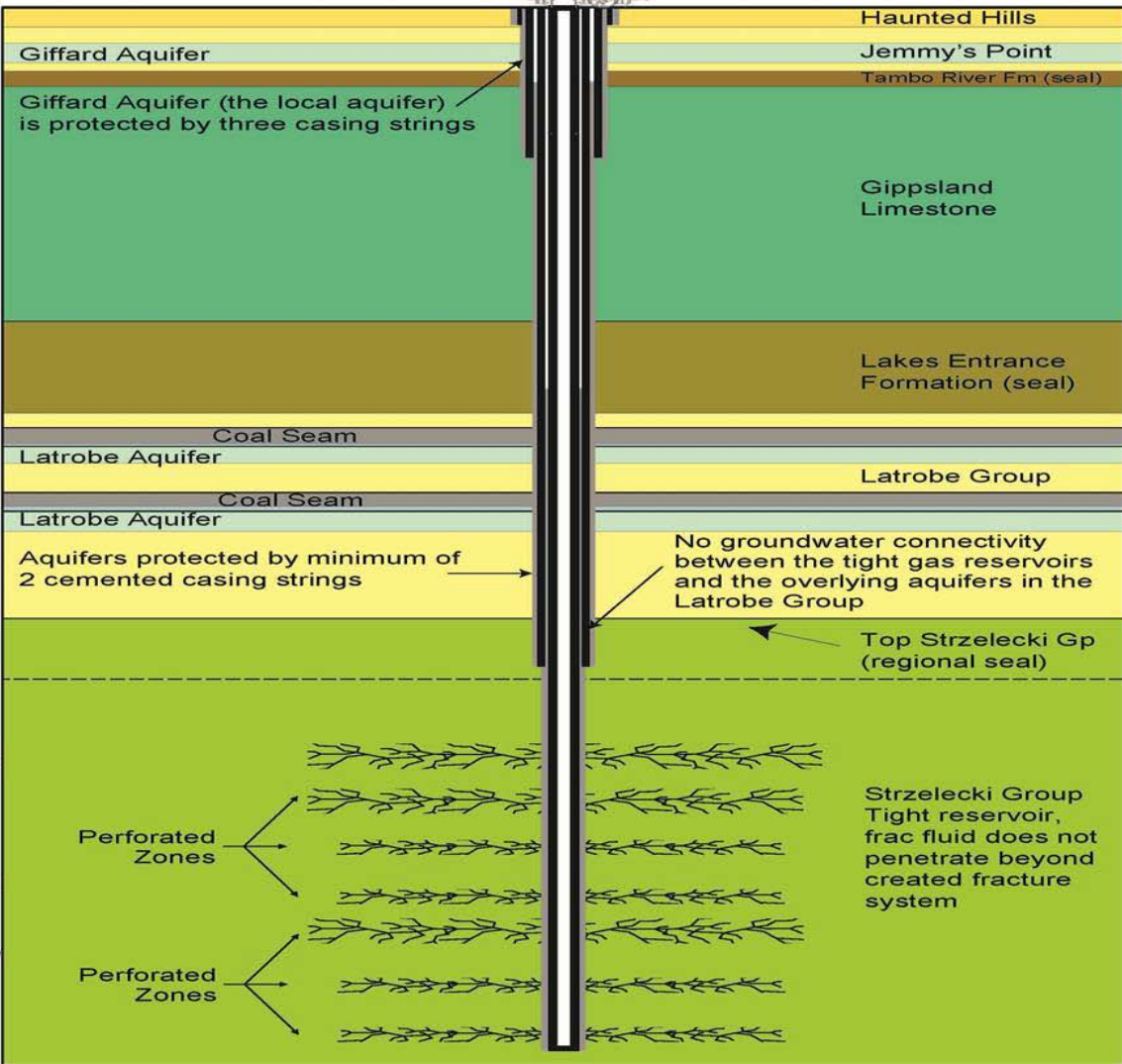




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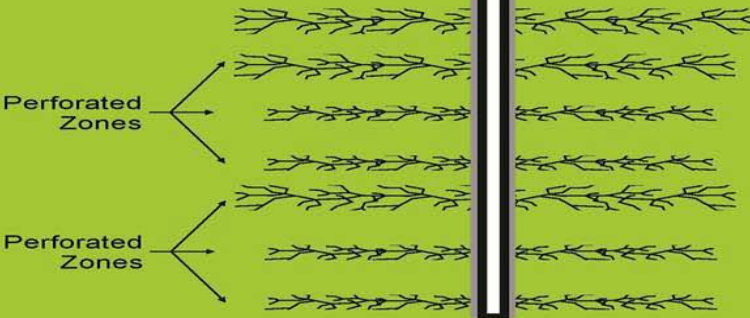
Well Head
(3 safety valves)



~1.4km
~1.4km

Notes:
The well is cased to total depth with 2 production strings across the top of the Strzelecki Group and Latrobe Group Aquifers. Three casing strings protect the Giffard Aquifer.

- Legend**
- Haunted Hills Gravel
 - Gemmy's Point Fm
 - Aquifer
 - Tambo River Fm
 - Gippsland Limestone
 - Lakes Entrance Fm
 - Coal Seam
 - Latrobe Group
 - Strzelecki Group



Strzelecki Group
Tight reservoir,
frac fluid does not
penetrate beyond
created fracture
system





Benefits to Landowners

- Extensive research in USA and Queensland has shown that a vast majority of landowners welcome explorers onto their properties (see *Peter Reith's Gas Market Task Force Report ,2013*)
- It has been proven in the USA and Queensland that what is good for the explorers is good for the landowners (see *Peter Reith's Gas Market Task Force Report ,2013*)
- **FACT: there have been no detrimental effects to the environment from Lakes Oil's past activities in Gippsland**



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Water Usage & Aquifer Protection In relation to Hydraulic Fracturing

- Water to be used will be sourced from neighbouring bores or trucked in
- Approximately less than 0.5 megalitres used per stimulation
- 99% of fluid pumped is water with the remaining 1% being proppant and benign chemicals used in everyday products
- All water produced to lined pits or tanks
- Water either purified, re-used, evaporated or disposed of at Dutson Downs facility
- Water injected does not come into contact with local aquifers
- Giffard Aquifer is protected by 3 strings of casing and cement

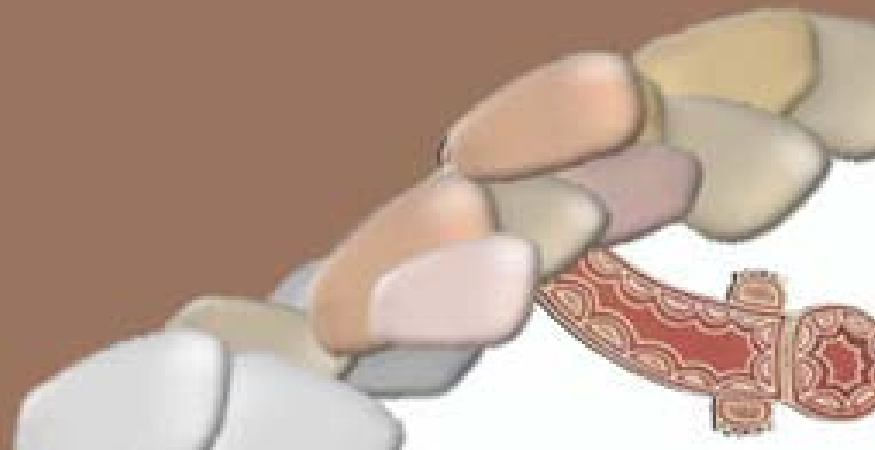


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Water Usage & Aquifer Protection In relation to Hydraulic Fracturing

- Zones to be stimulated are some 1000m below aquifers
- Vertical induced fracture height growth generally less than 30m
- 11 stimulation treatments already performed by Lakes across the Wombat and Trifon Fields with **no effect on aquifers.**
- Monitoring of water quality prior to and after stimulation treatments
- All fluids pumped approved by EPA prior to use

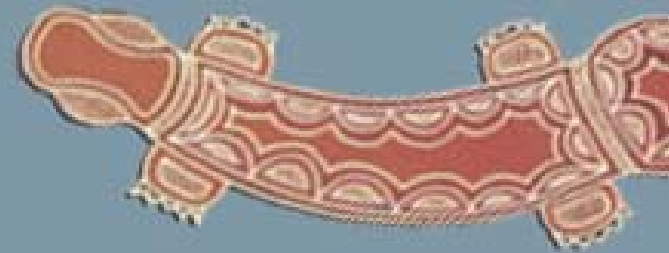


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Exploration

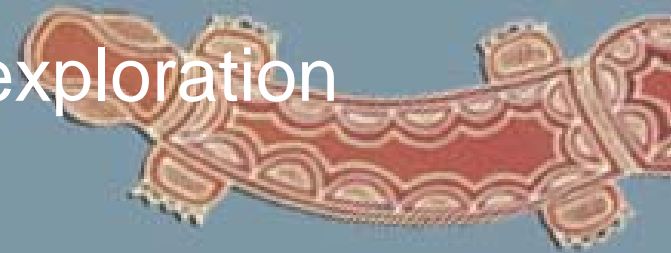
Where to now for
Lakes Oil?





The State Government announced on
21 November 2013
that the ban on hydraulic fracturing
will be extended until July 2015

- The proposed 2014 programs by Lakes Oil will not involve hydraulic fracturing
- Lakes Oil's activities are subject to the Petroleum Act *not* the Minerals Act which covers CSG
- Lakes Oil is *not involved* in CSG exploration



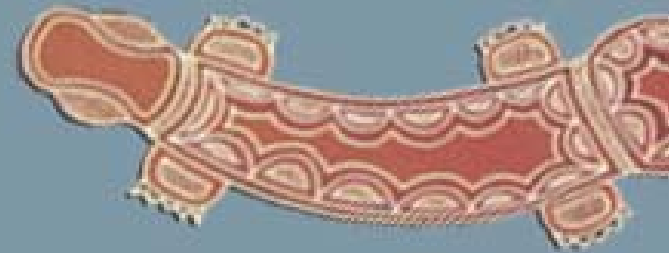
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Exploration

PEP 169
Otway Basin





PEP 169 OTWAY BASIN

- Proposed Otway 1 conventional well

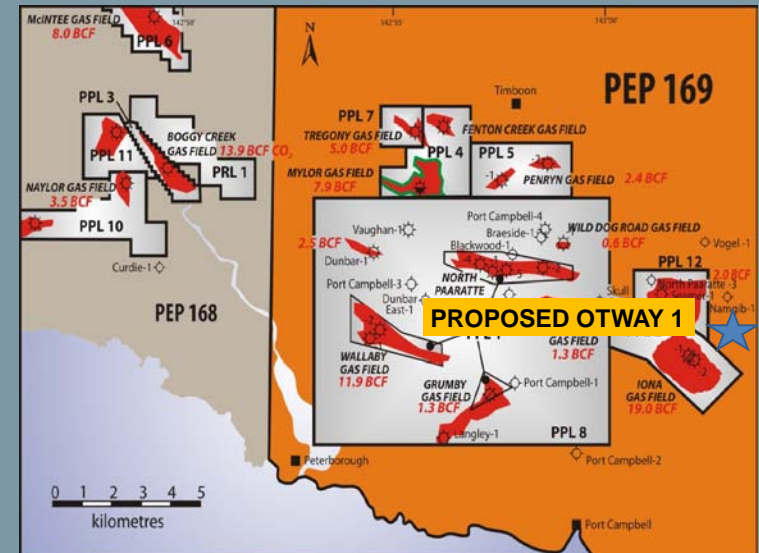
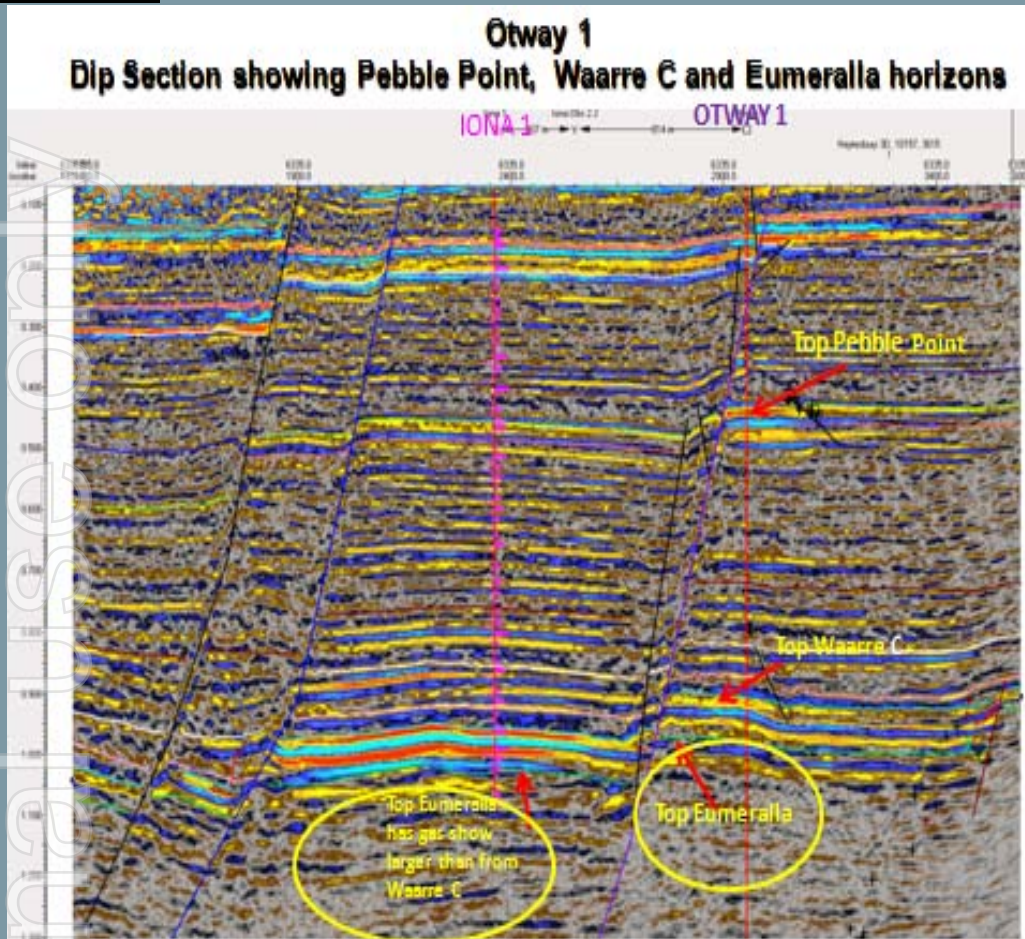
Proposed Location Otway 1



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PEP 169 Otway Basin



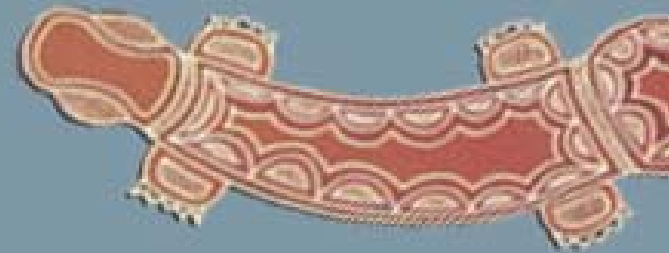
- Proposed Otway 1 will be located adjacent to and up-dip from the Iona Gas Field.
- Three objectives in a tilted fault block with closures at three potential levels.
- The targets are: Pebble Point Formation, Waarre 'C' Formation and Eumeralla Formation.



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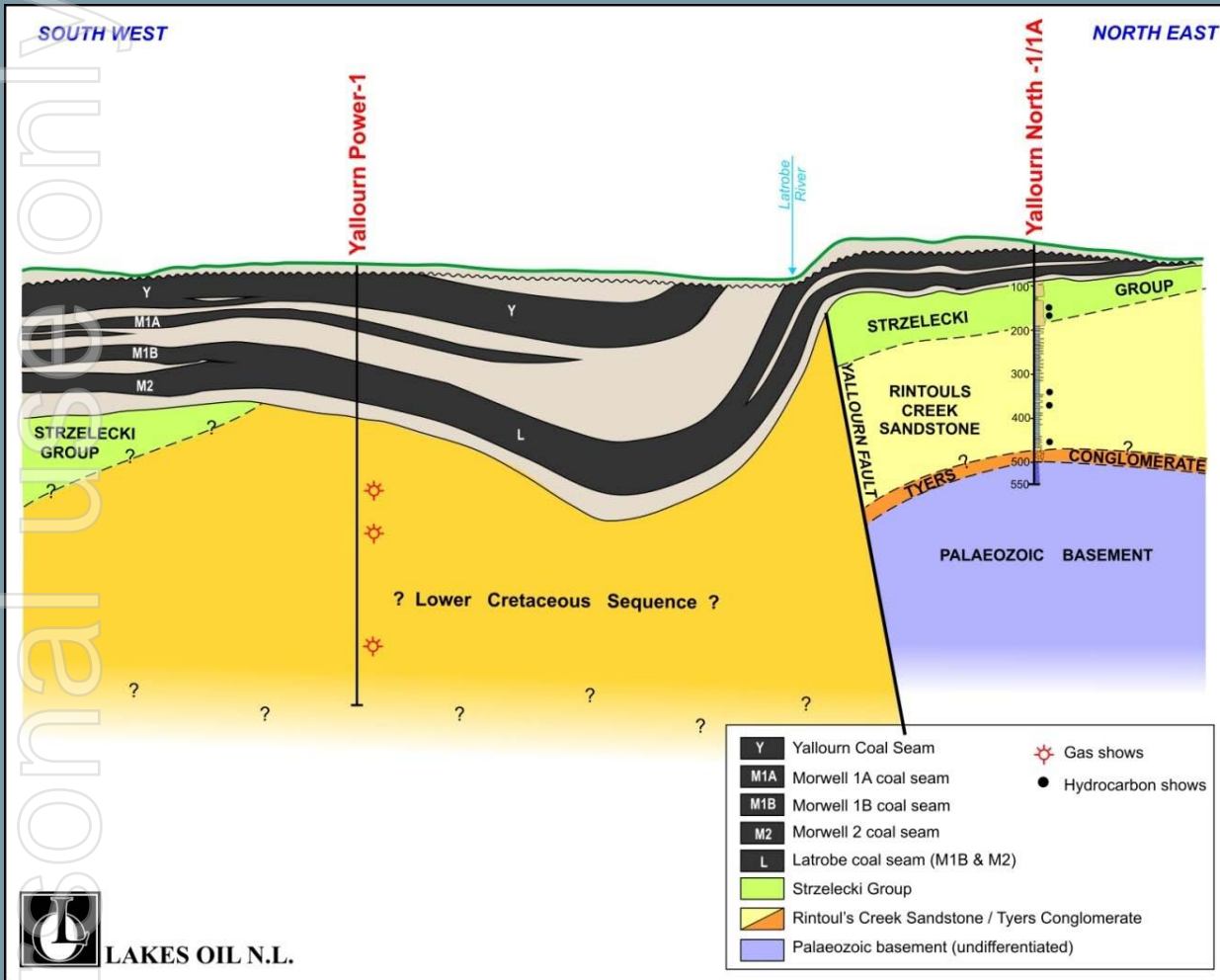
Exploration

PEP 166 Gippsland Basin

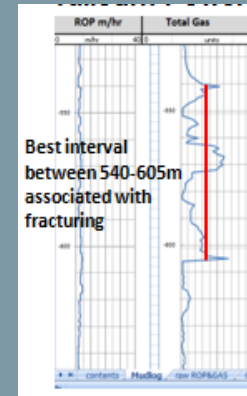




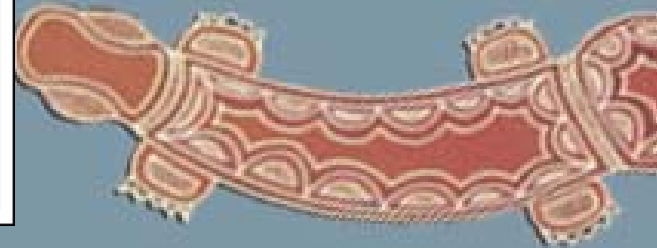
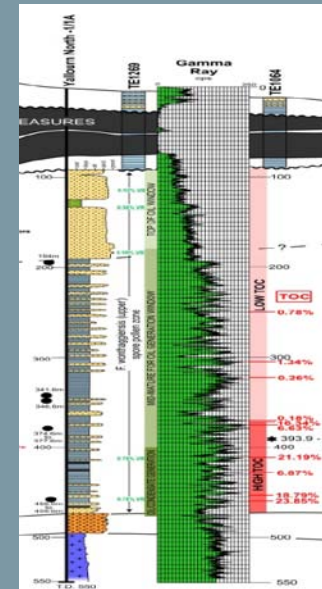
PEP 166 Schematic Cross Section



YP-1



YN-1

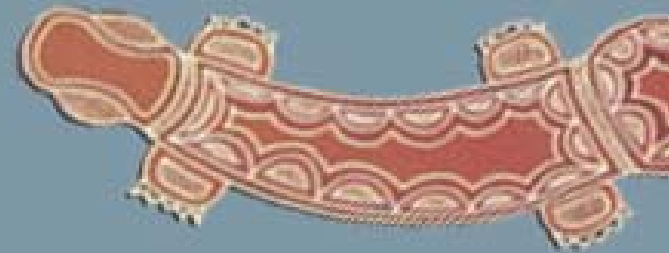




Exploration

PRL 2

Gippsland Basin

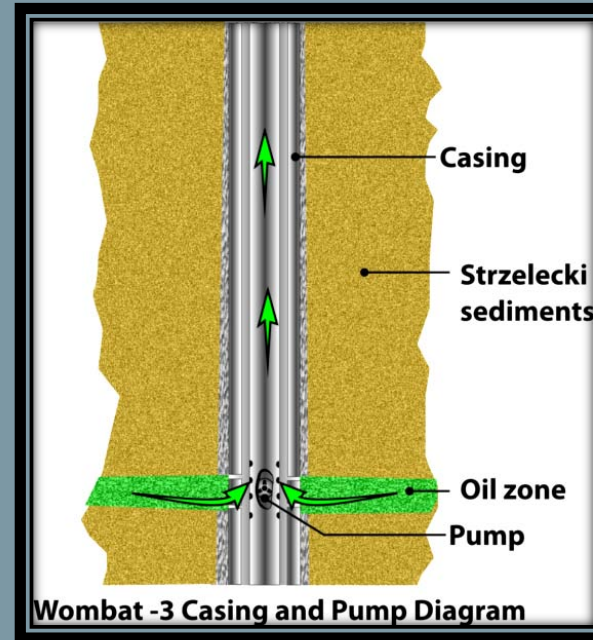
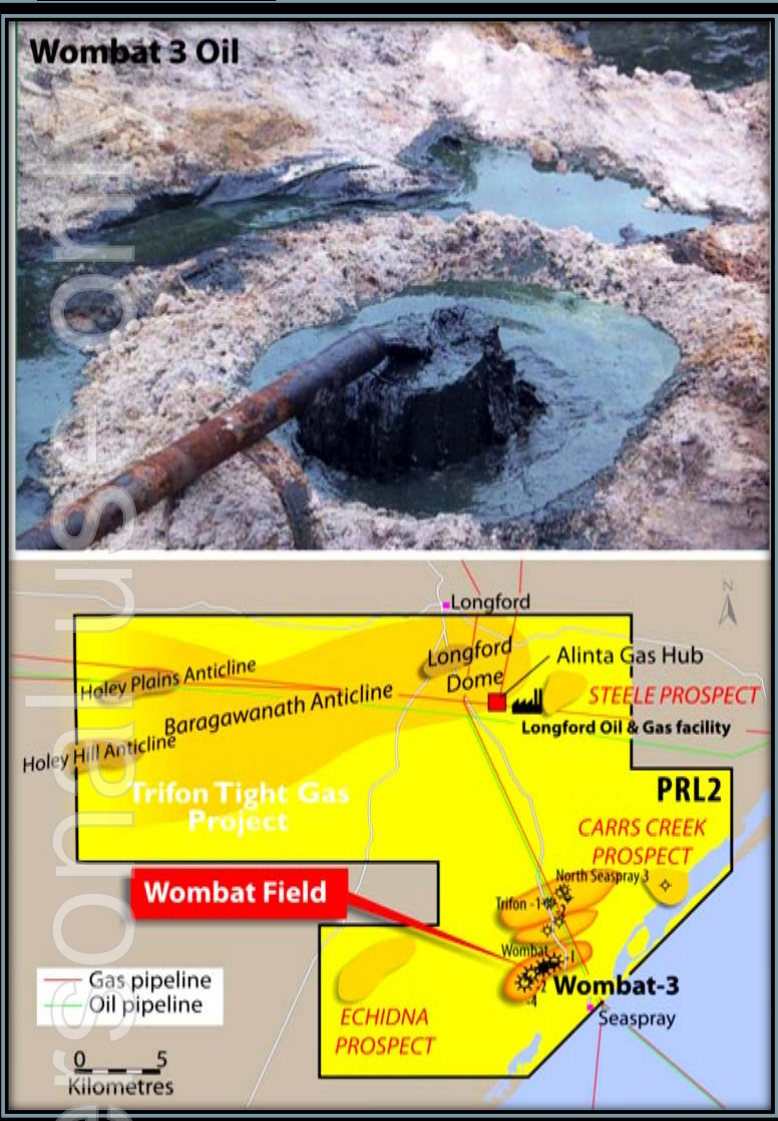


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PRL 2

Proposed Wombat 3 oil zone flow test

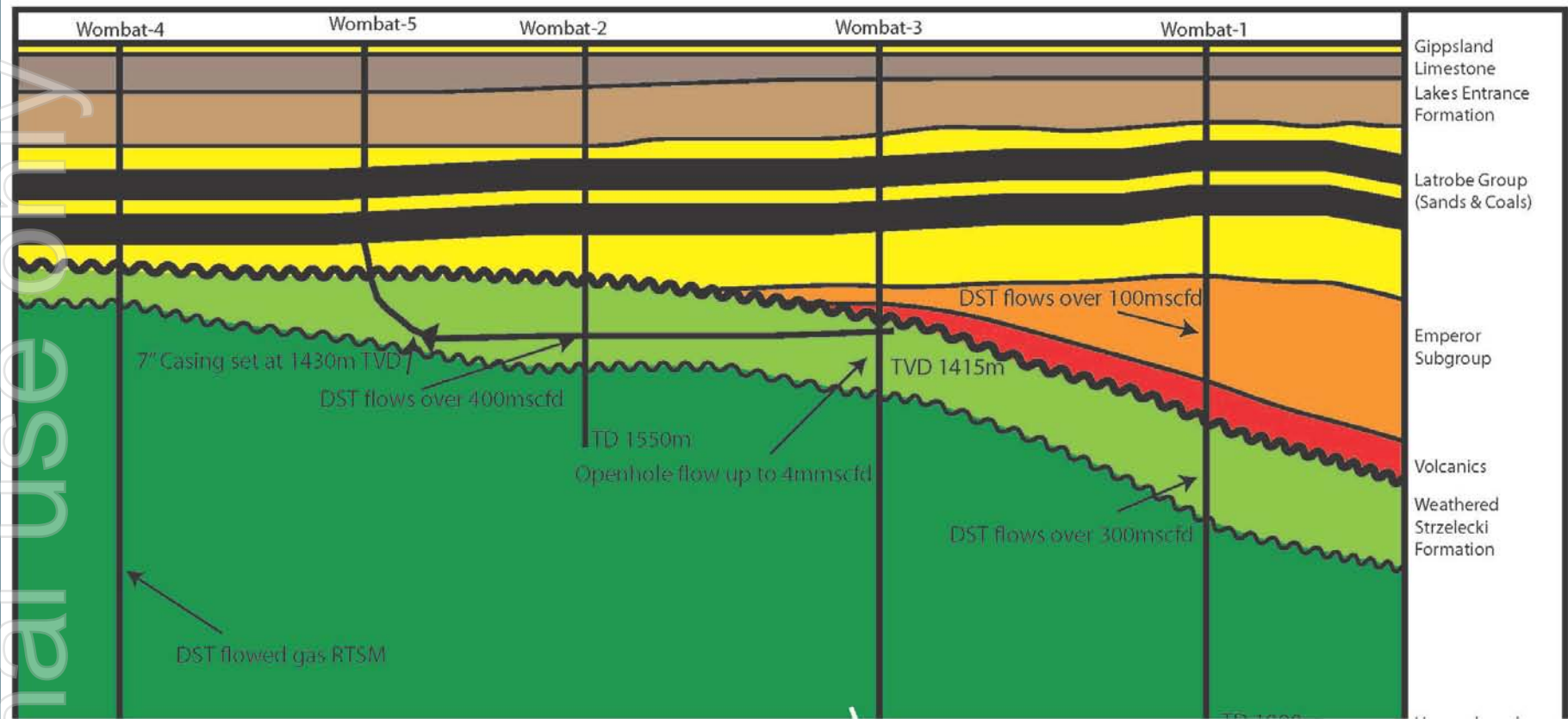


Lakes plans to isolate the oil bearing zone in Wombat 3

- plan to install a downhole pump over the interval.
- installation of the pump will hopefully result in a substantially higher rate than achieved previously.
- plan to carry out this program as soon as possible subject to all approvals.



Proposed Wombat 5 conventional horizontal well schematic



Oil filled fracture @ 2103m
approx 10bbbls rec

TD 2178m

TD 1990m

Unweathered Strzelecki Formation

Weathered Strzelecki

Unweathered



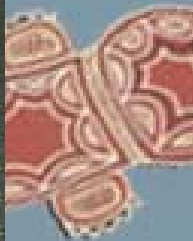
Wombat 5

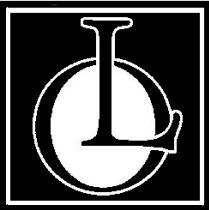
Similar Lithologies between fields

Wombat-2 core



Longtom-2 core



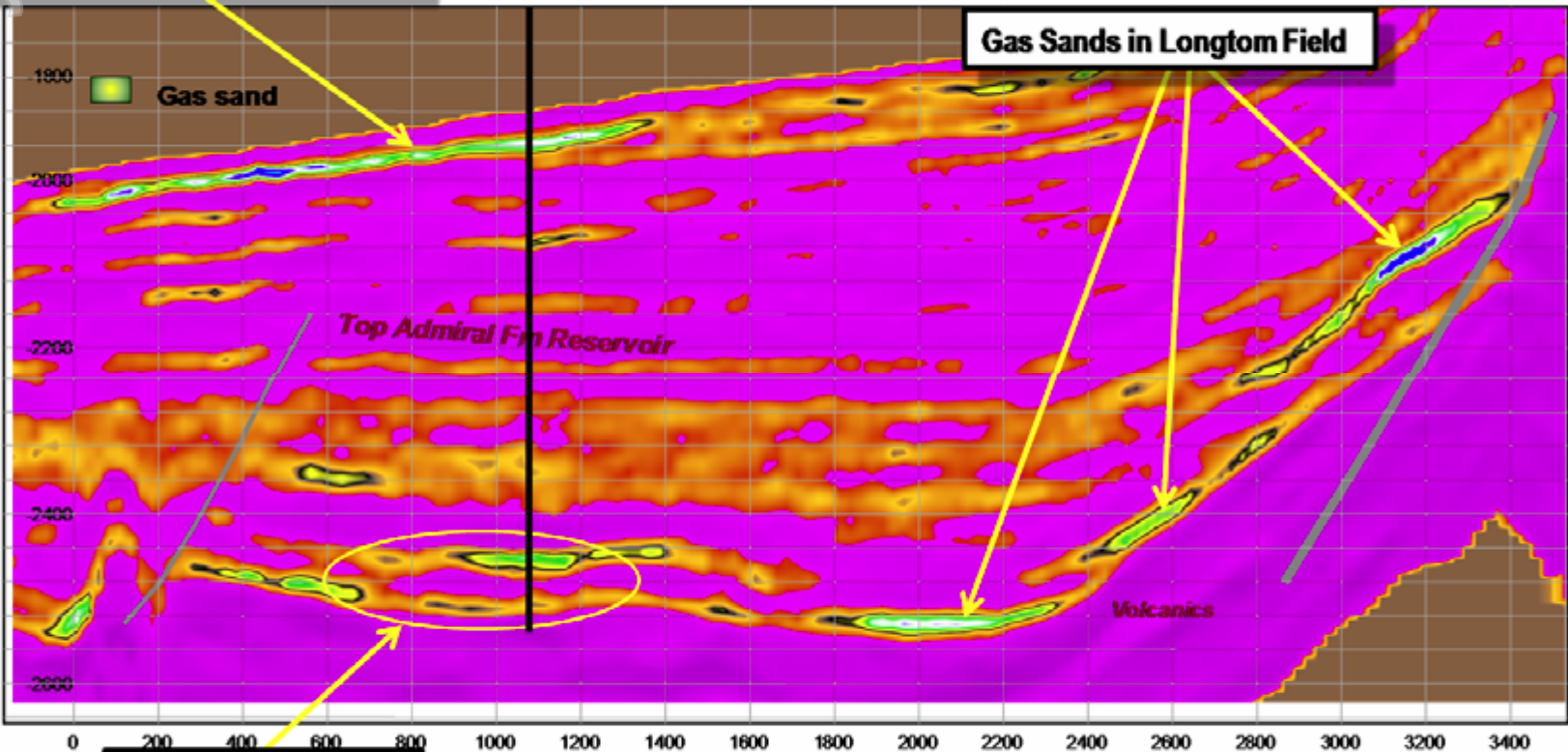


Proposed Wombat 5

Garfish-1
Exploration target
180 Bcf : Resource potential

Longtom-4 Comparison

Garfish-1



Garfish-1
Longtom Appraisal
Objectives

"Fluid Index" Seismic Section
highlighting possible gas sands

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