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Lakes Oil N.L.

**ASX
Announcement
And Media
Release**

25 November 2013

www.lakesoil.com.au

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**

A decorative graphic in the bottom right corner featuring a row of smooth, multi-colored stones (white, grey, orange, yellow) and a red lizard with white patterns, possibly a gecko, positioned behind the stones.



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This document contains general background information about the Company and its activities current as at the date of this document. The information in this document is in summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au and other publicly available information on the Company available at www.lakesoil.com.au. Lakes Oil makes no representation or warranties in relation to the preparation of this document and the information in it (such as its accuracy, reliability, completeness or reasonableness of any assumptions). The Recipient releases the Company, Lakes Oil, their advisors and the officers of each of the aforementioned persons from any liability or responsibility this document (including without limitation, loss or damage arising by negligence).

The document is provided to the Recipient on the basis that the Recipient must rely on their own inquiries and seek appropriate professional advice in relation to the information and statements in relation to the proposed prospects, business and operations of the Company.

This document contains "forward-looking statements". All statements other than those of historical facts included in the document are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

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.





The Environment

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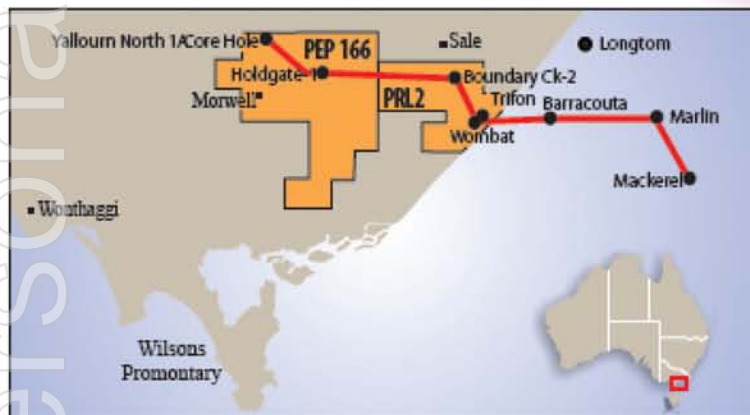
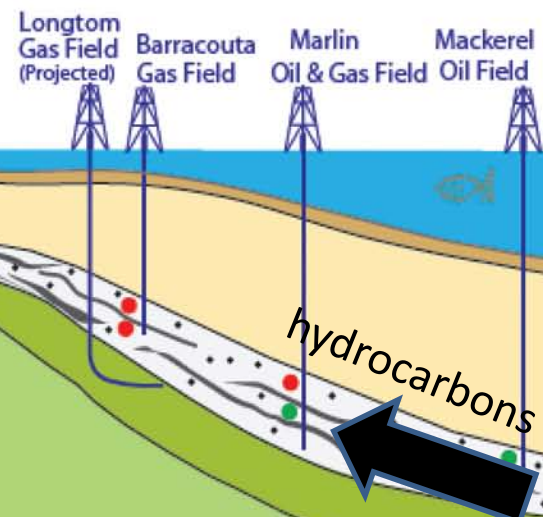
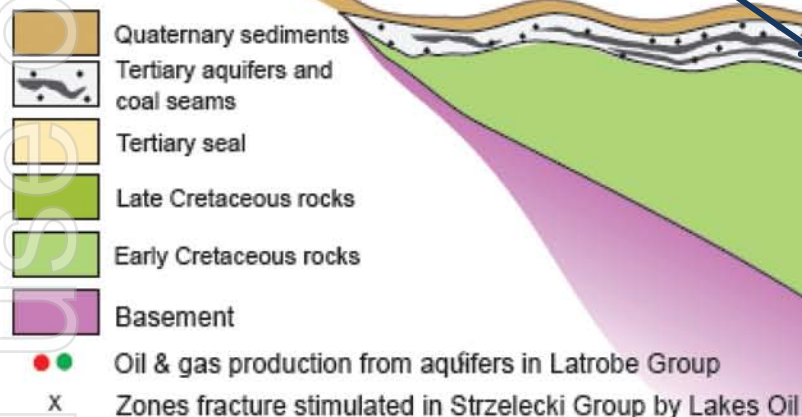
Eastern Highlands

water

**LATROBE
AQUIFER**

SHALLOW AQUIFER

Offshore Oil & Gas Production



SIMPLIFIED DIAGRAMMATIC CROSS-SECTION
Not to Scale



LAKES OIL N.L.

NW

Lakes

Seaspray Depression
Wells

SE

Lakes Latrobe Valley Wells

Offshore Oil & Gas Production

Eastern Highlands

Yallourn
North 1A
Core Hole

Holdgate 1

Boundary Ck 2

Trifon
Field

Wombat
Field

Longtom
Gas Field
(Projected)

Barracouta
Gas Field

Marlin
Oil & Gas Field

Mackerel
Oil Field



Quaternary sediments

Tertiary aquifers and
coal seams

Tertiary seal

Late Cretaceous rocks

Early Cretaceous rocks

Basement

● Oil & gas production from aquifers in Latrobe Group

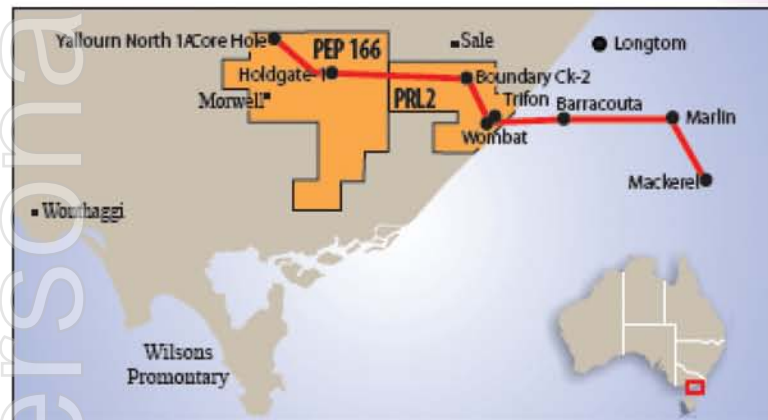
X Zones fracture stimulated in Strzelecki Group by Lakes Oil

All aquifers sealed
behind casing
in all wells

Tight rocks
no aquifers
in zones with
hydrocarbons

Horizontal wells
(proposed Wombat-5)
targetting conventional
hydrocarbon reservoirs

TIGHT ROCKS
NO AQUIFERS



SIMPLIFIED DIAGRAMMATIC CROSS-SECTION
Not to Scale



Natural Gas Occurrence Mud Island in Gippsland Lakes



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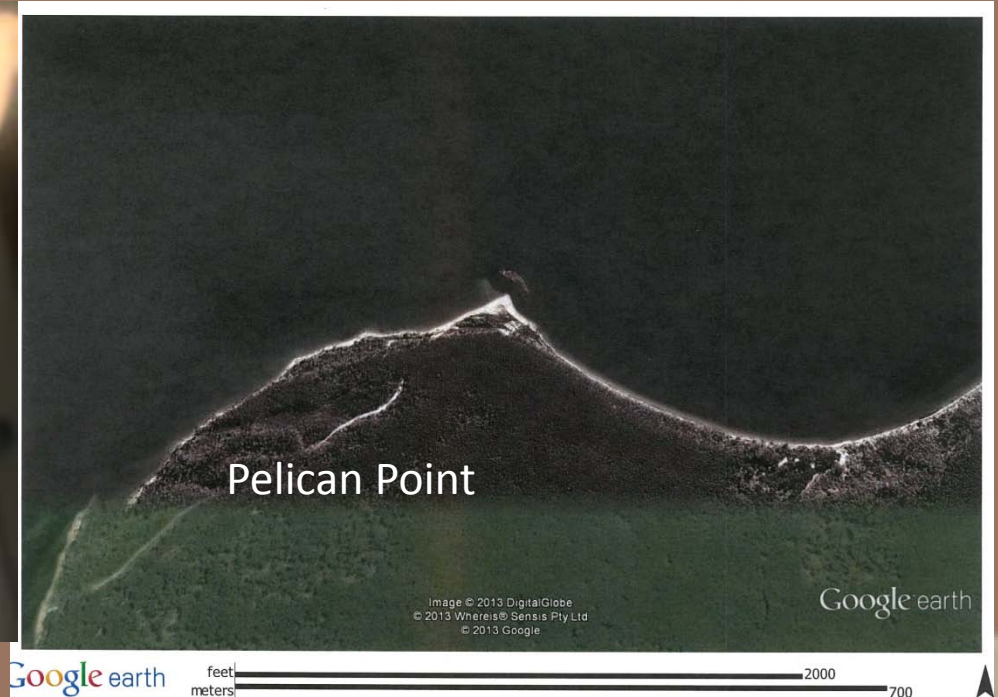


Natural Mud Island in Lake Victoria



2 September 2013

Aerial photo taken from light aircraft showing new mud island development



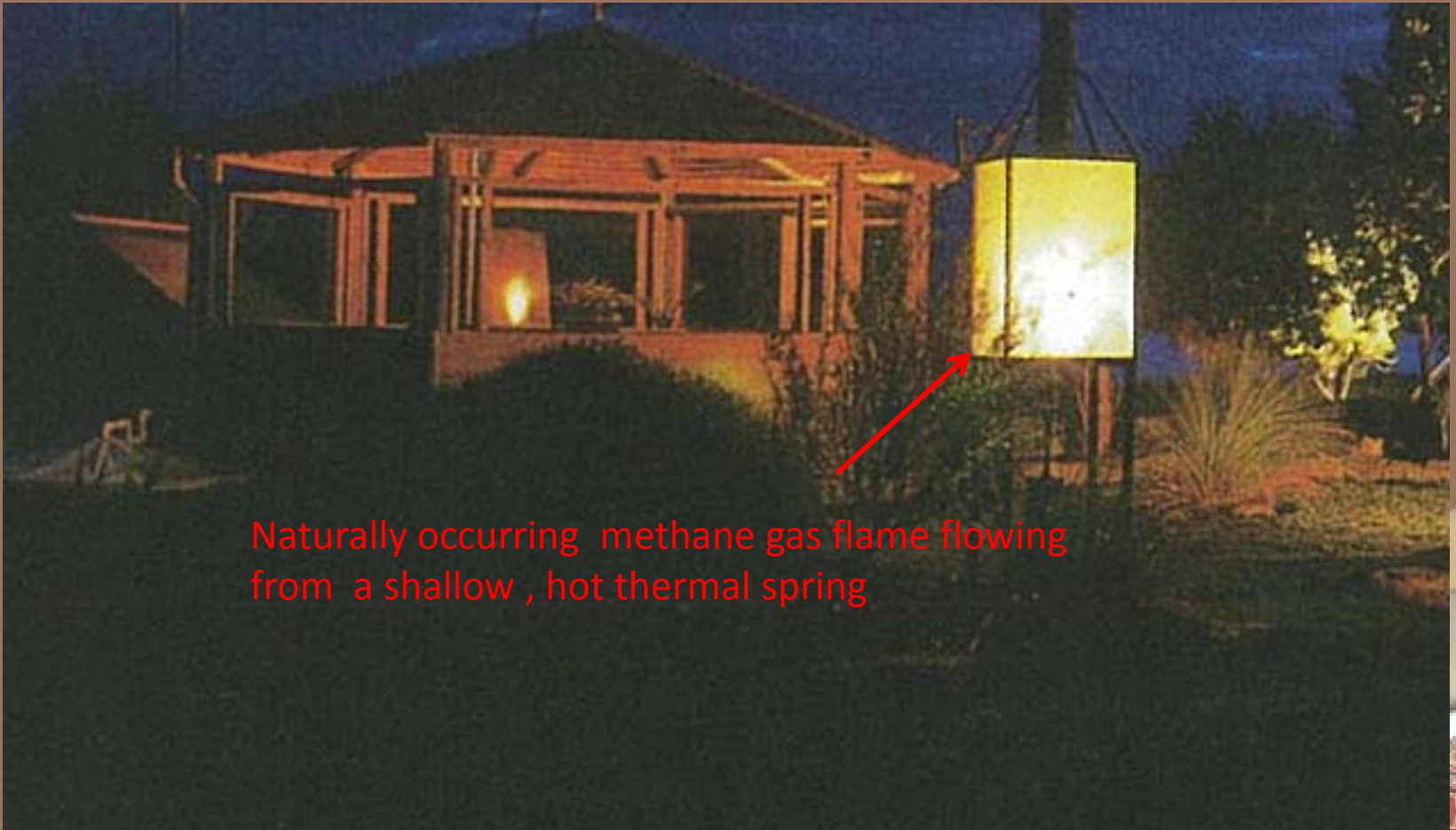
2009 Satellite image; no mud island offshore



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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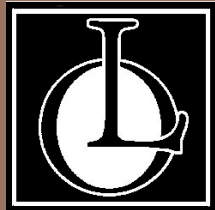


Key concerns

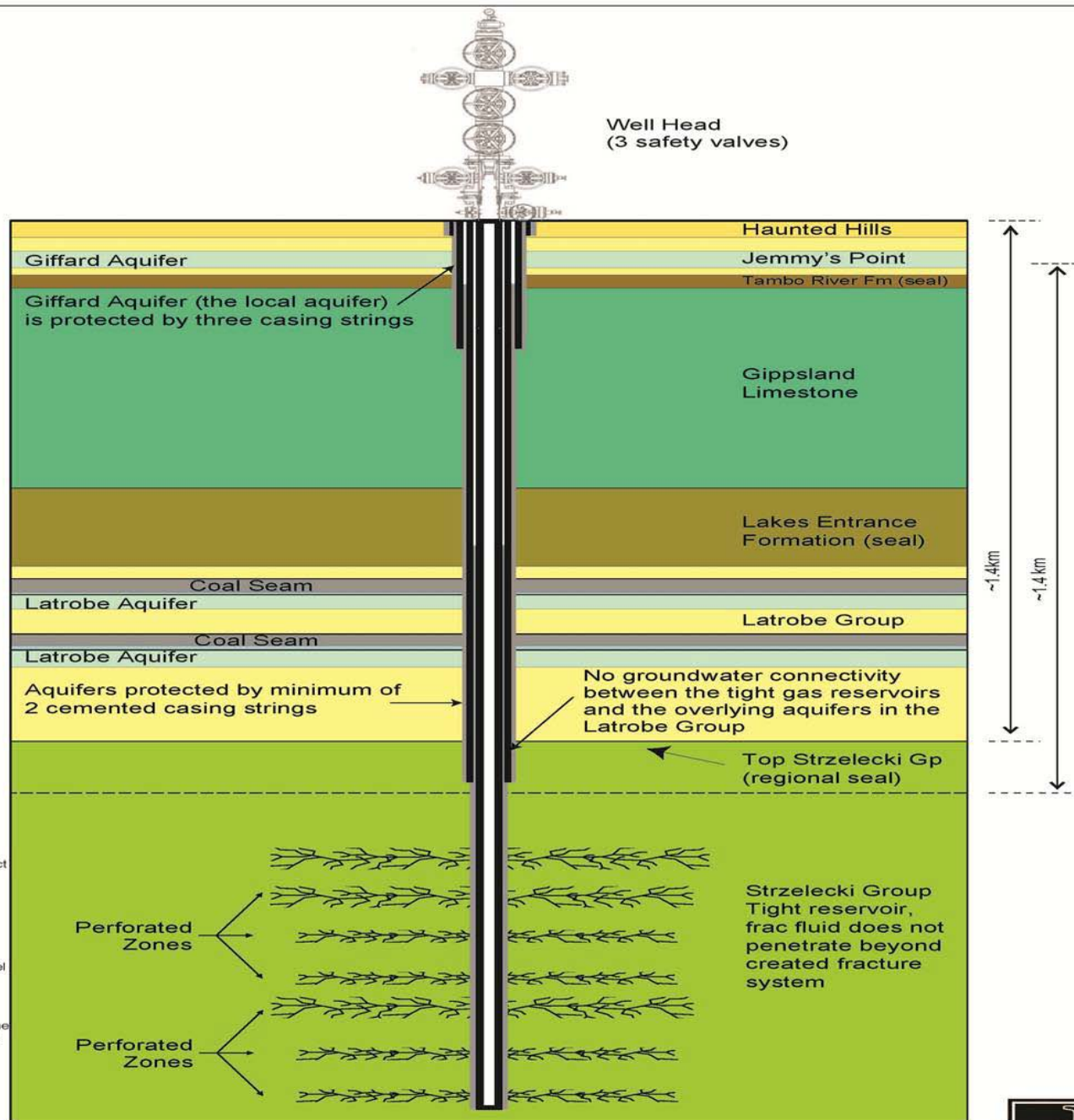
- Protection of freshwater aquifers
- That induced fractures could extend into aquifer zone



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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
- Jemmy's Point Fm
- Aquifer
- Tambo River Fm
- Gippsland Limestone
- Lakes Entrance Fm
- Coal Seam
- Latrobe Group
- Strzelecki Group



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

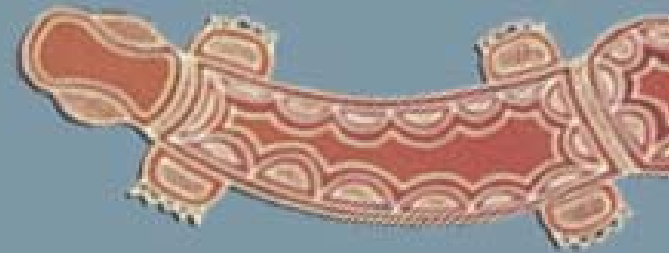


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Exploration

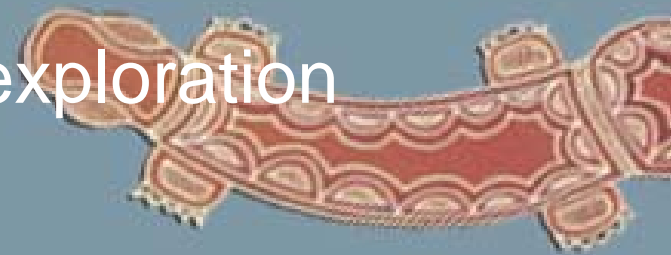
Where to now for
Lakes Oil?





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



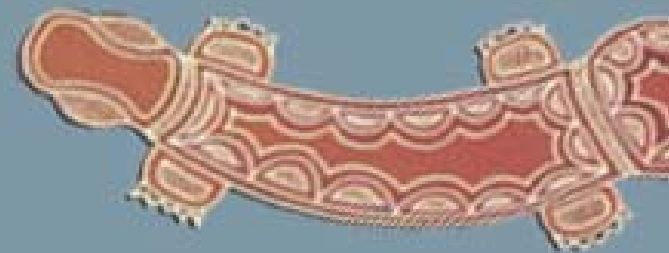
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Exploration

PEP 169

Otway Basin





PEP 169 OTWAY BASIN

- Proposed Otway 1 conventional well

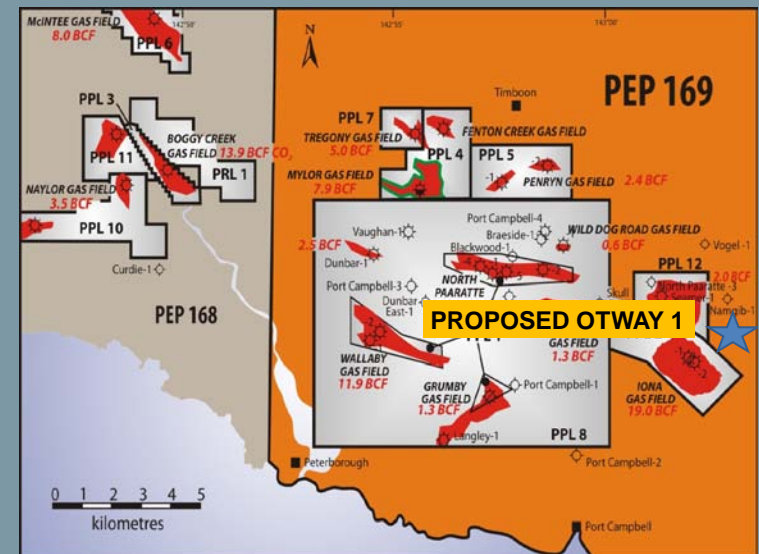
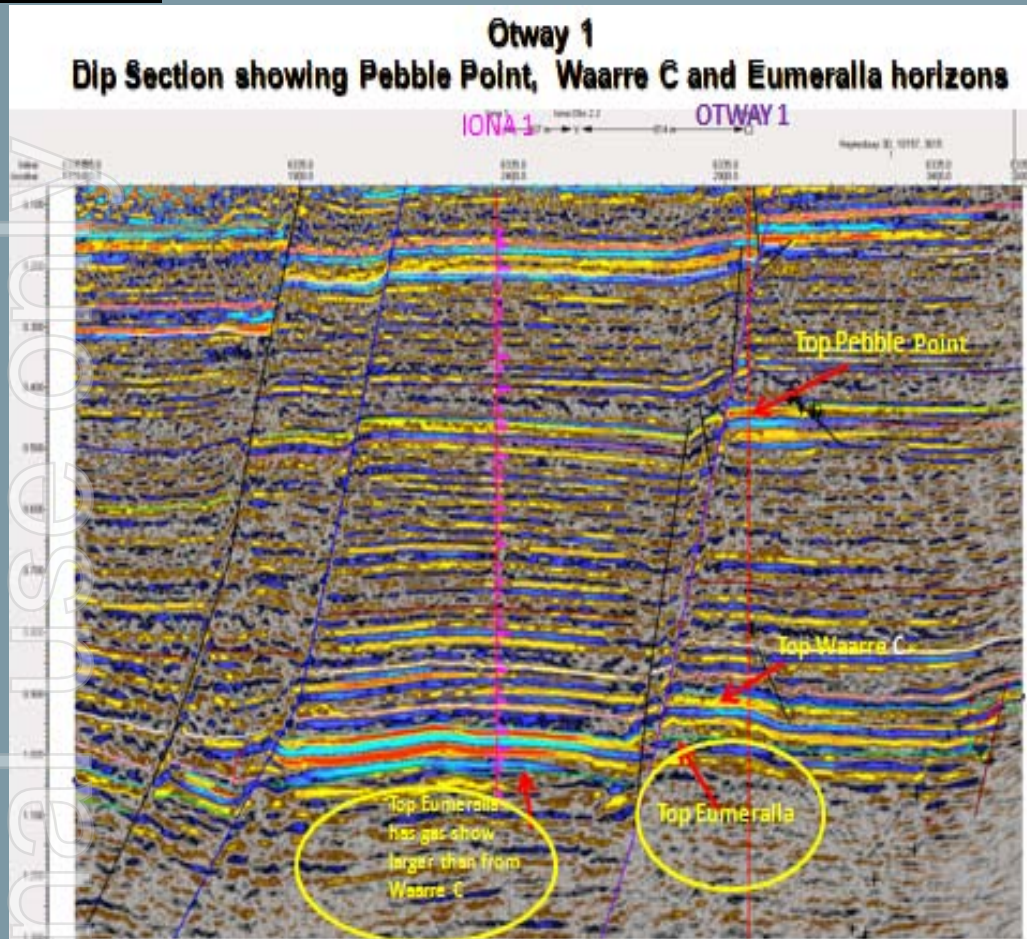


Proposed Location Otway 1





PEP 169 Otway Basin



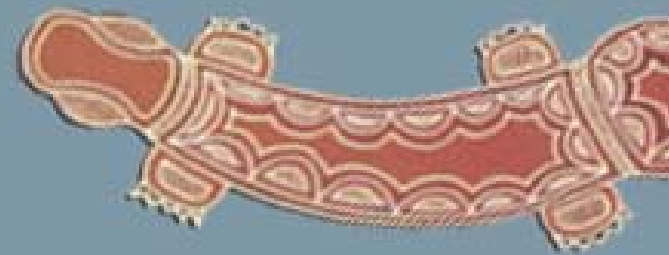
- Proposed Otway 1 will be located adjacent to and up-dip from the Iona Gas Field.
- Three objectives in a tilted fault block with closures at three potential levels.
- The targets are: Pebble Point Formation, Waarre 'C' Formation and Eumeralla Formation.



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Exploration

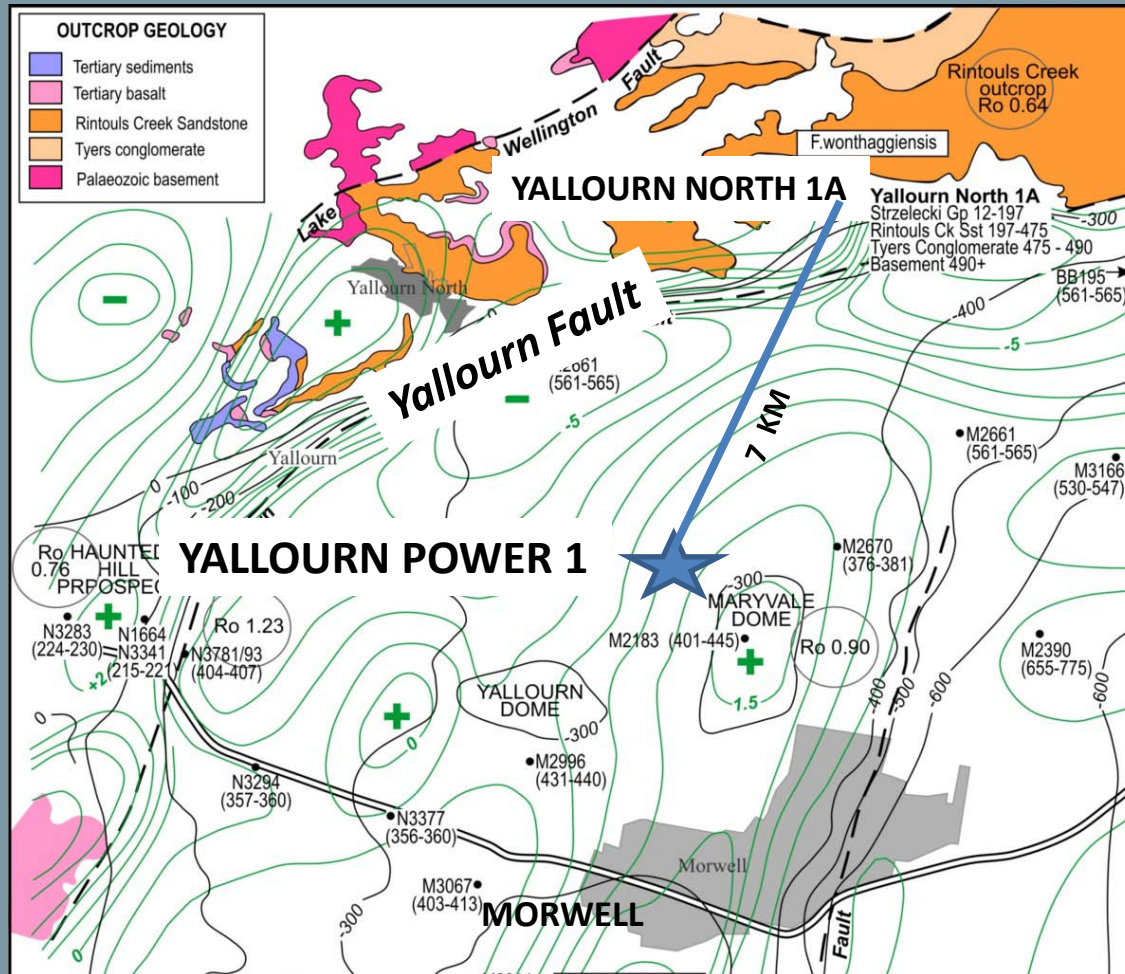
PEP 166 Gippsland Basin



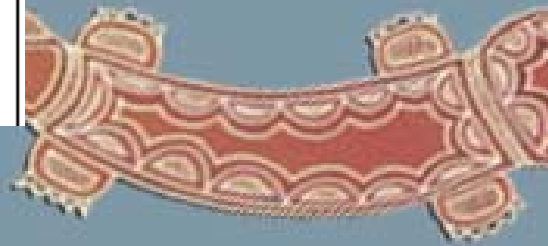


PEP 166

Yallourn Power 1 corehole



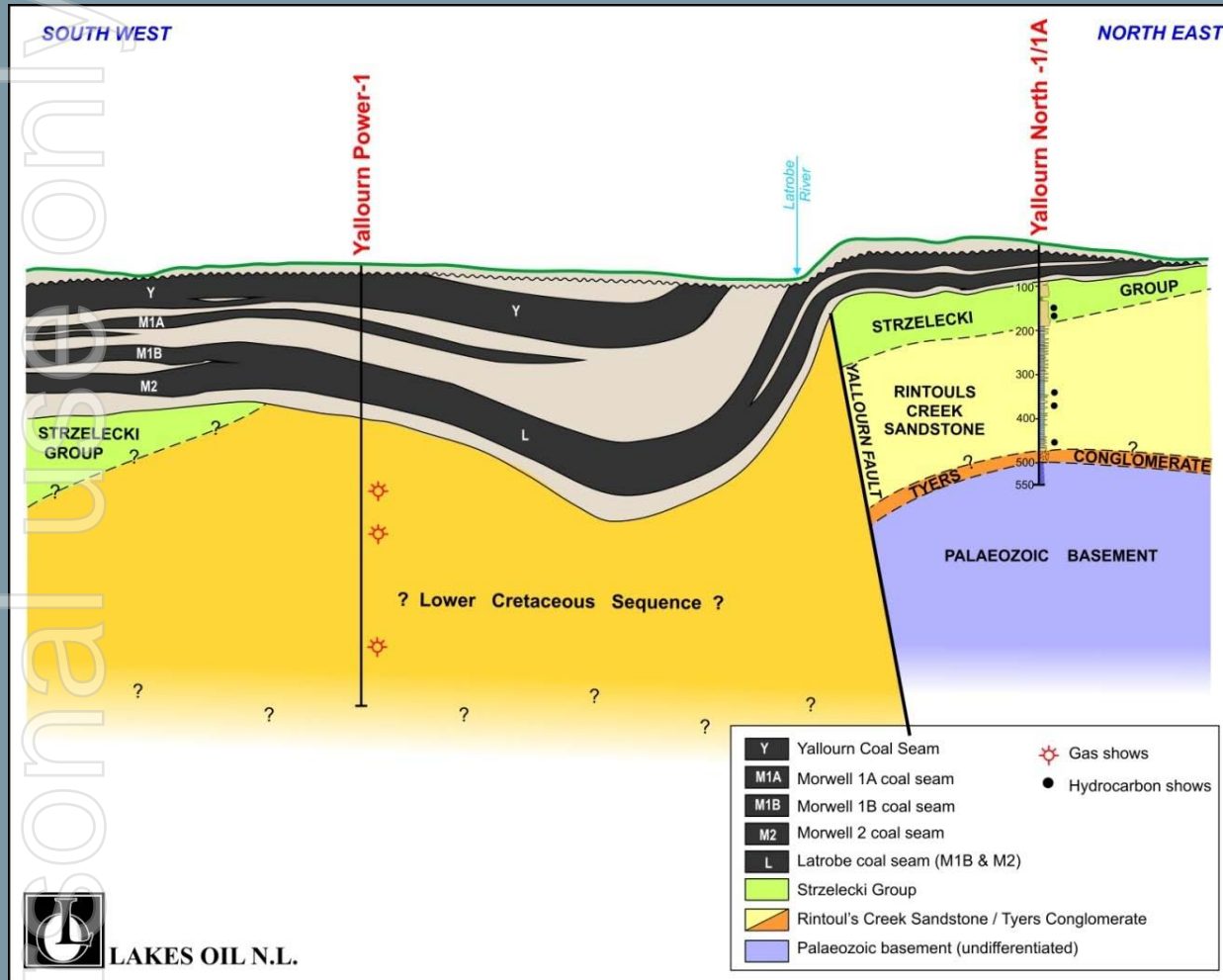
Yallourn Power 1 location on outcrop geology and gravity contour map





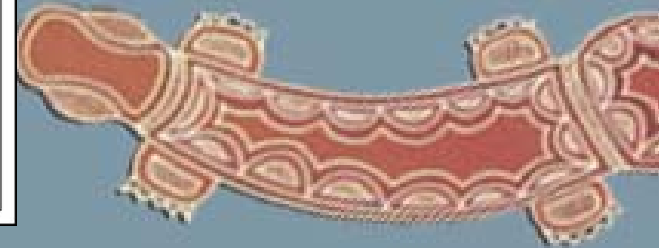
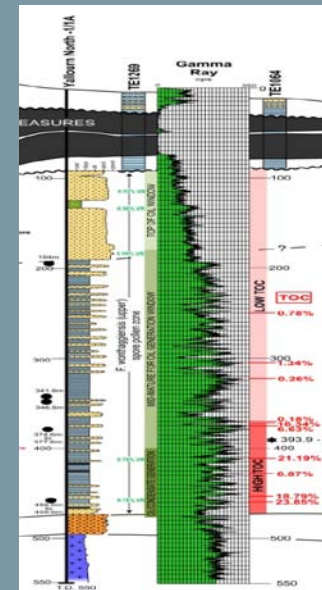
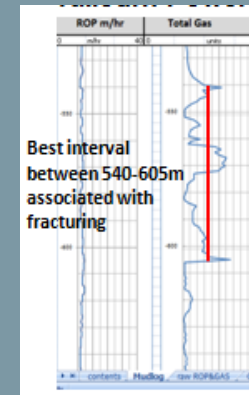
PEP 166

Schematic Cross Section



Y N-1

YP-1

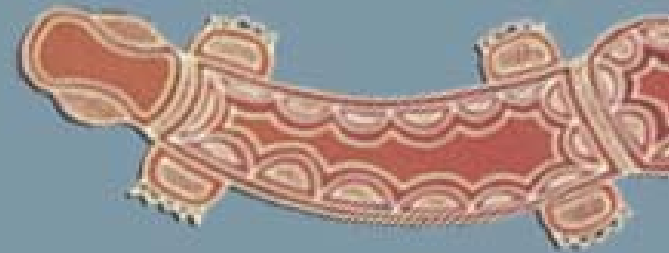




Exploration

PRL 2

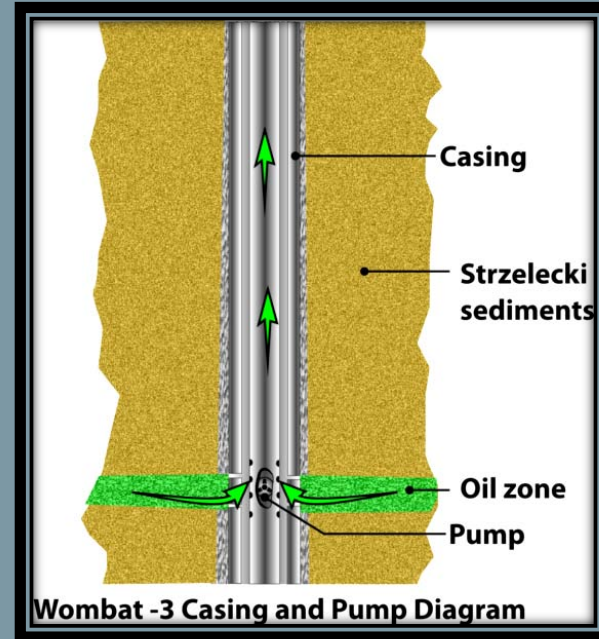
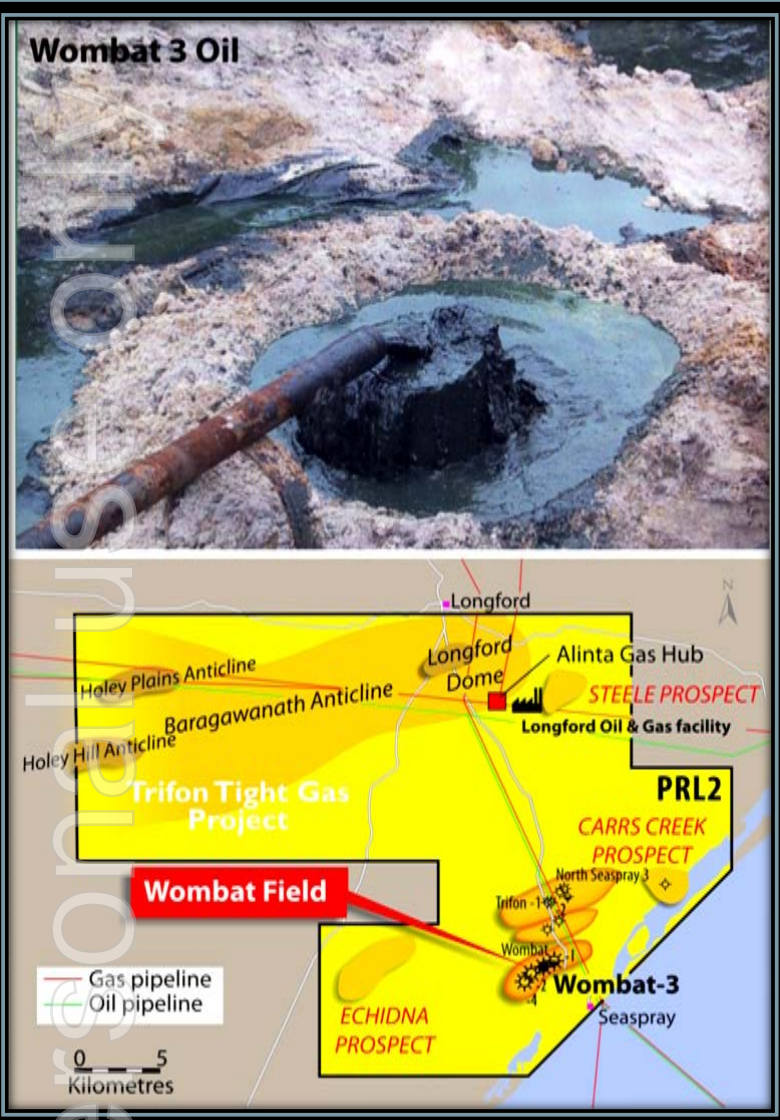
Gippsland Basin





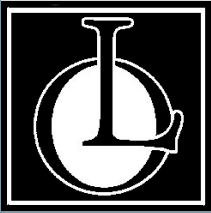
PRL 2

Proposed Wombat 3 oil zone flow test

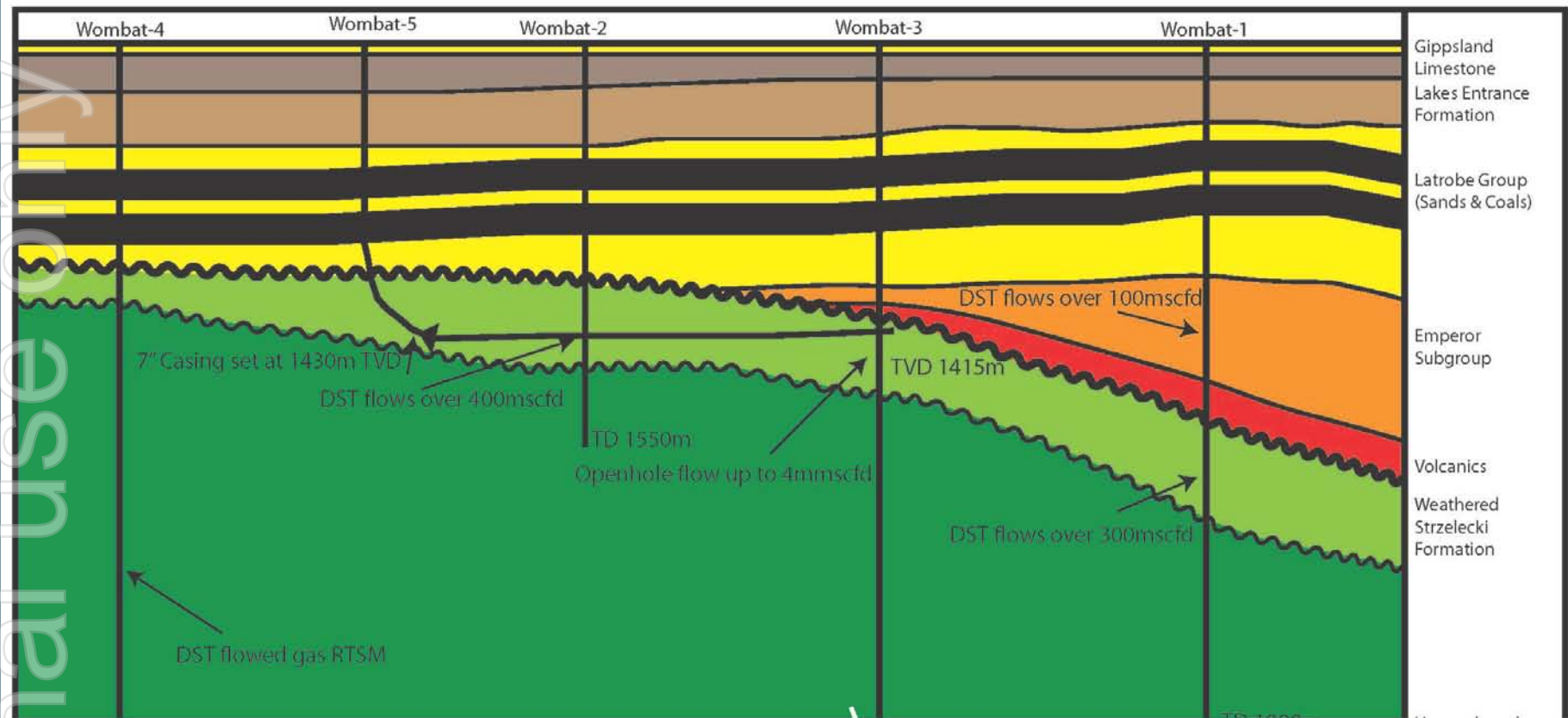


Lakes plans to isolate the oil bearing zone in Wombat 3

- 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

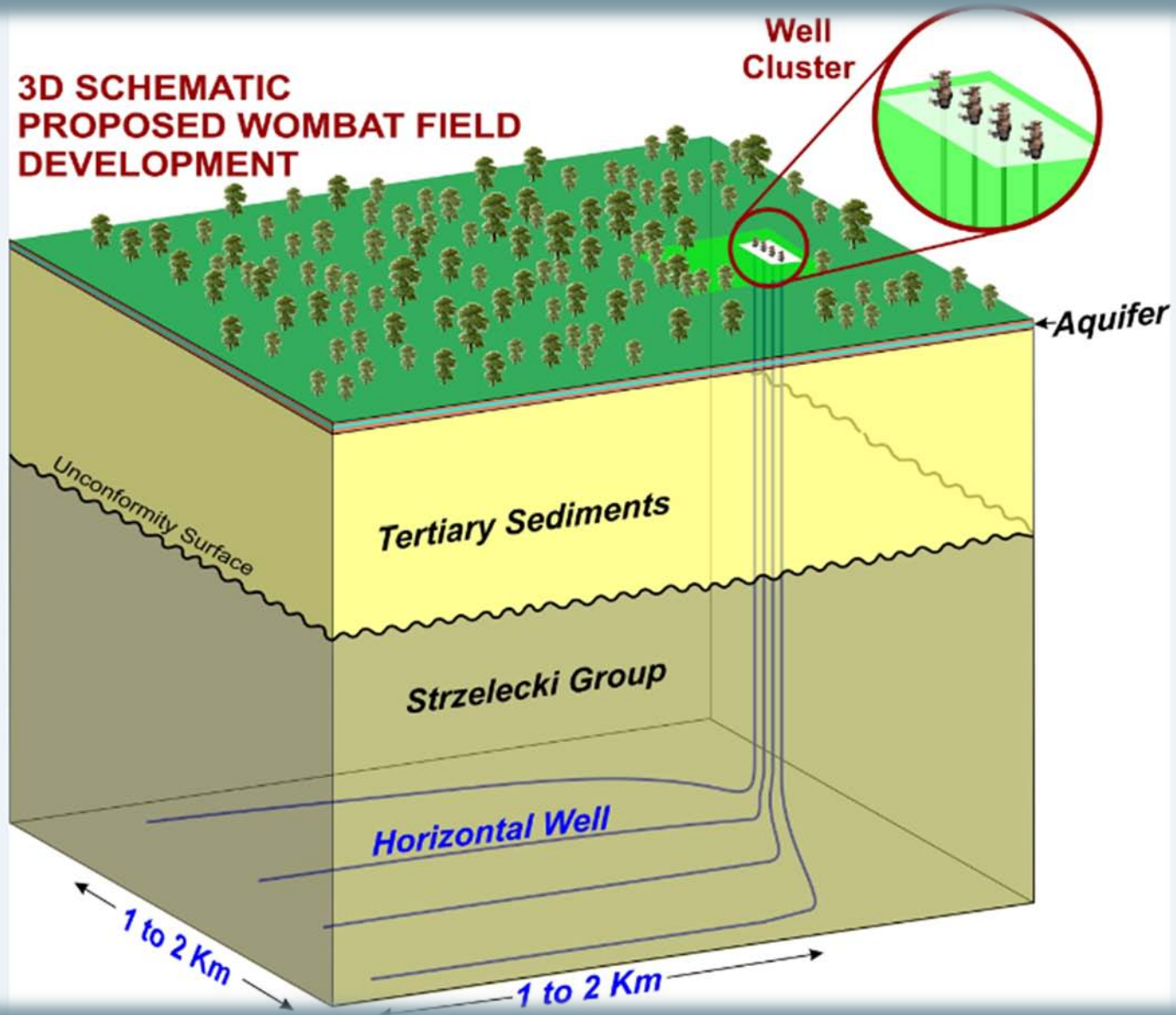
Unweathered
Strzelecki
Formation

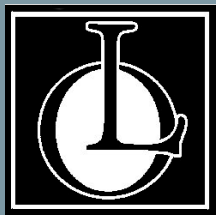
Weathered
Strzelecki

Unweathered



Proposed Wombat field development





Wombat 5

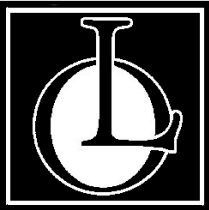
Similar Lithologies between fields

Wombat-2 core



Longtom-2 core



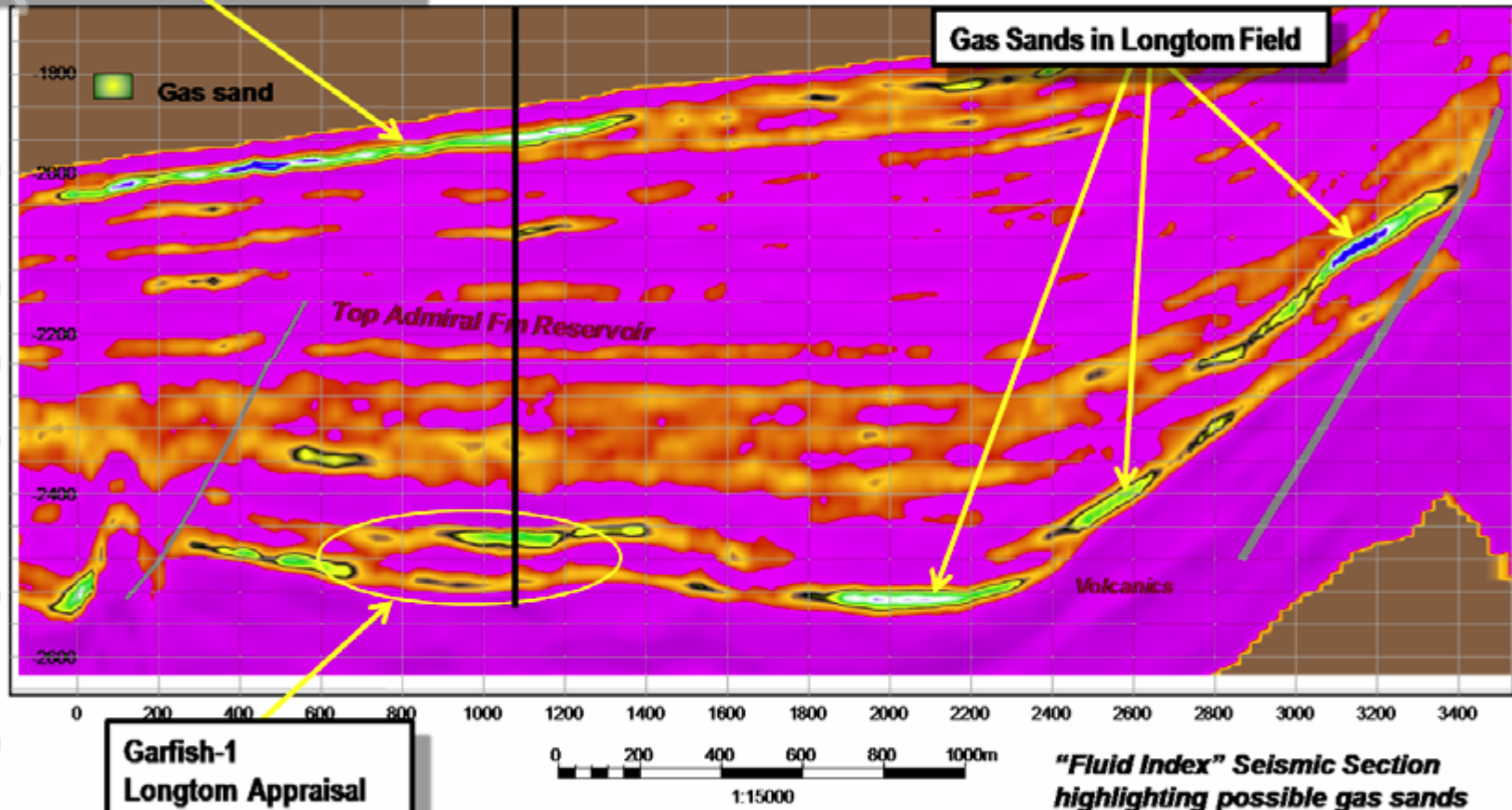


Proposed Wombat 5

Longtom-4 Comparison

Garfish-1
Exploration target
180 Bcf : Resource potential

Garfish-1



Source : Nexus Energy website

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