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Lakes Oil N.L.

**ASX
Announcement
And Media
Release**

24 November 2014

www.lakesoil.com.au

Lakes Oil NL

Annual General Meeting 2014

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
24 November 2014

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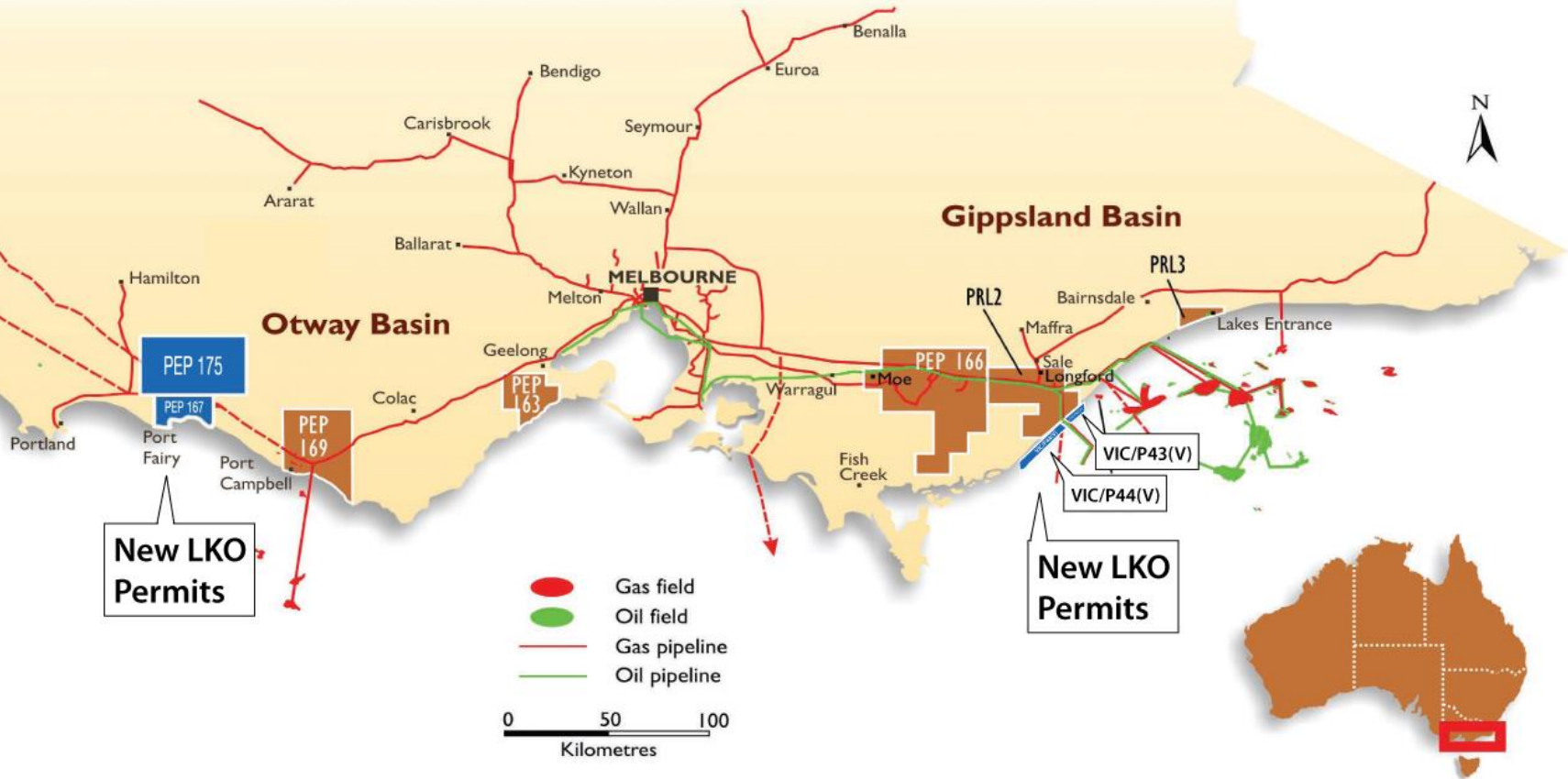
The forward looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Company, including to significant regulatory, business, competitive 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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New Victorian Permits

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Exploration



Permits - Otway Basin

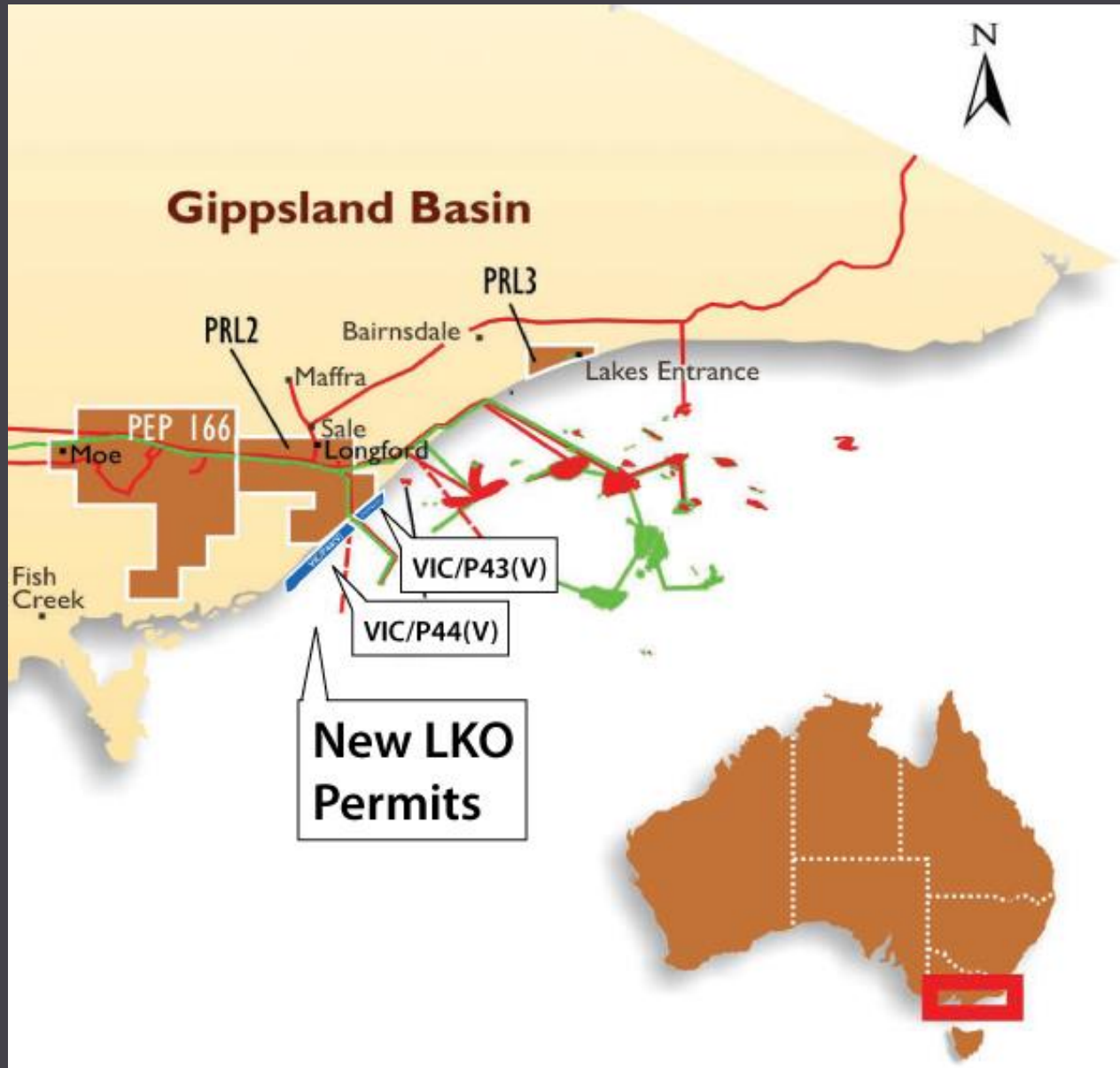
PEP 169, PEP 167, PEP 175, PEP 163



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Permits – Offshore Gippsland



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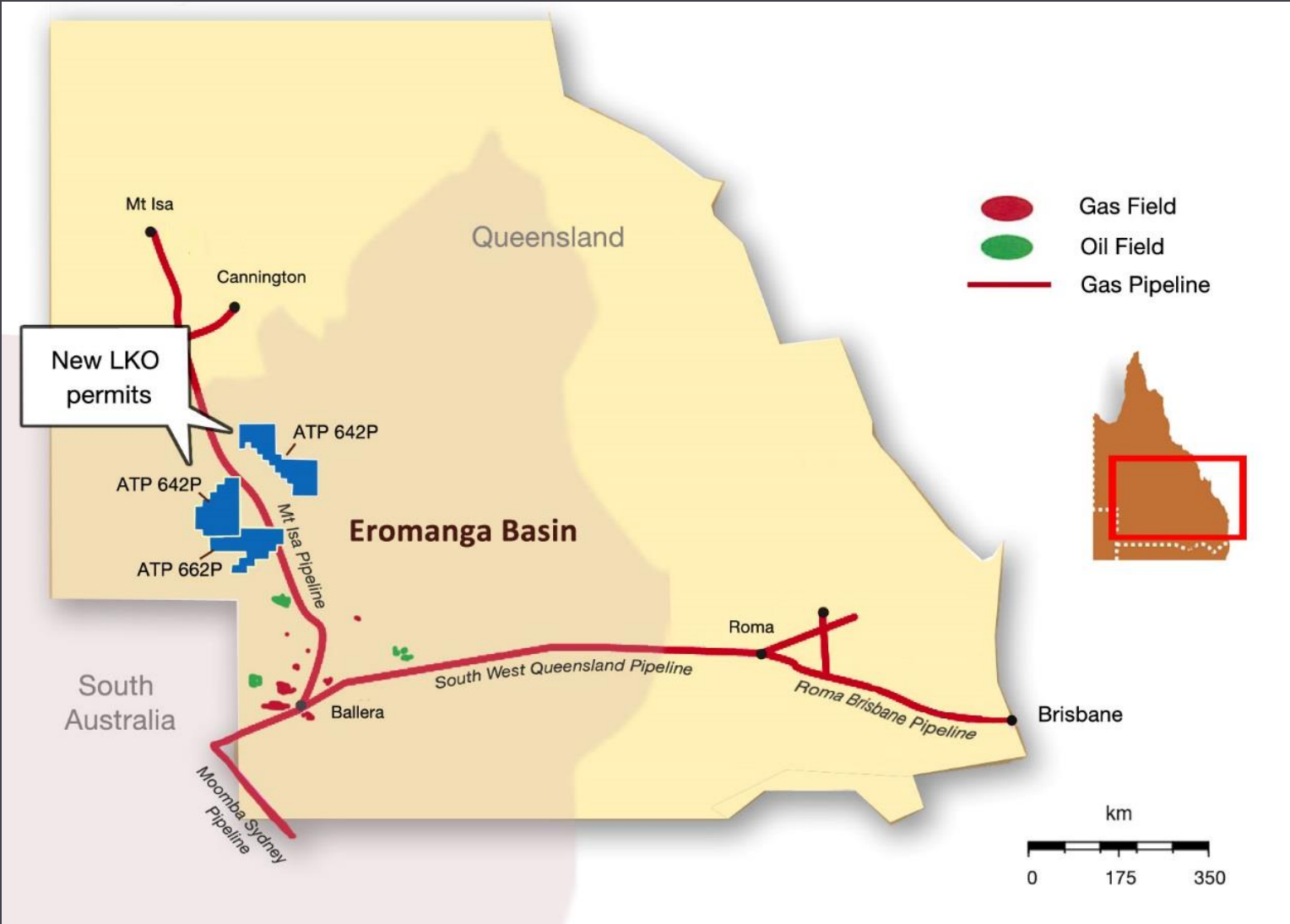
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Diversifying out of Victoria



New Queensland Permits ATP 642P & ATP 662P

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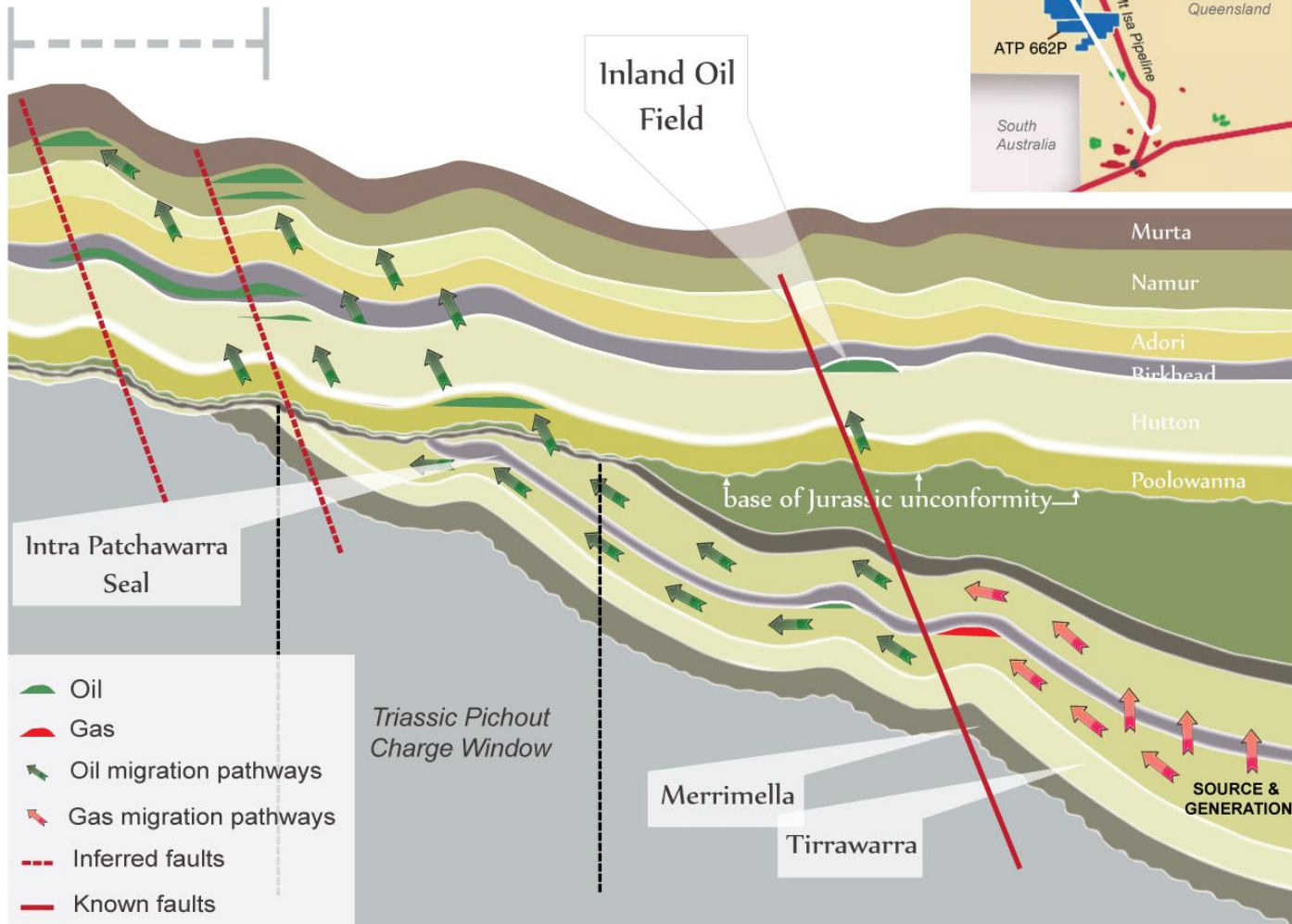
Eromanga basin Queensland

NW

SE

Possible multi-stacked plays within LKO permits where hydrocarbons may have migrated

(ATP 662P & ATP 642P)



Early Cretaceous and Jurassic sediments

Triassic and Permian sediments

Lower Permian source rocks

- Oil
- Gas
- Oil migration pathways
- Gas migration pathways
- Inferred faults
- Known faults

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Exploration

Where to now for
Lakes Oil?



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

- The proposed 2014 programs by Lakes Oil did 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



PEP 169 Otway Basin

Proposed Otway 1 conventional well



Proposed Location Otway 1



Otway Gas Plant

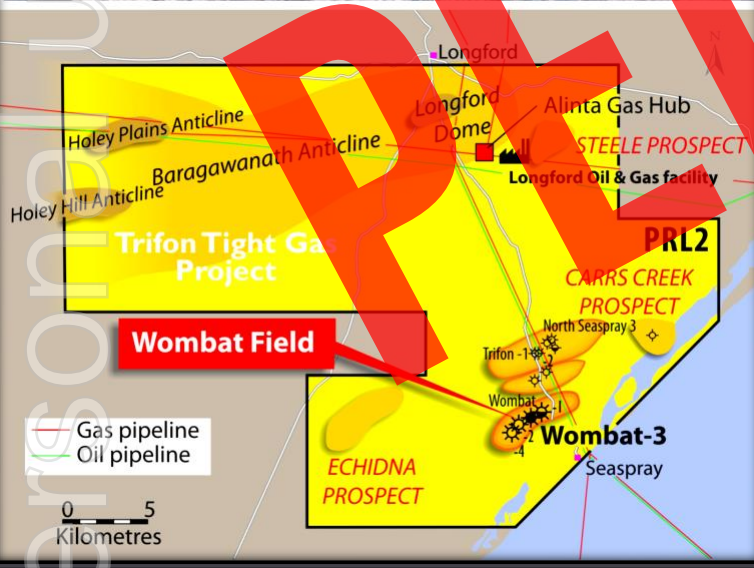
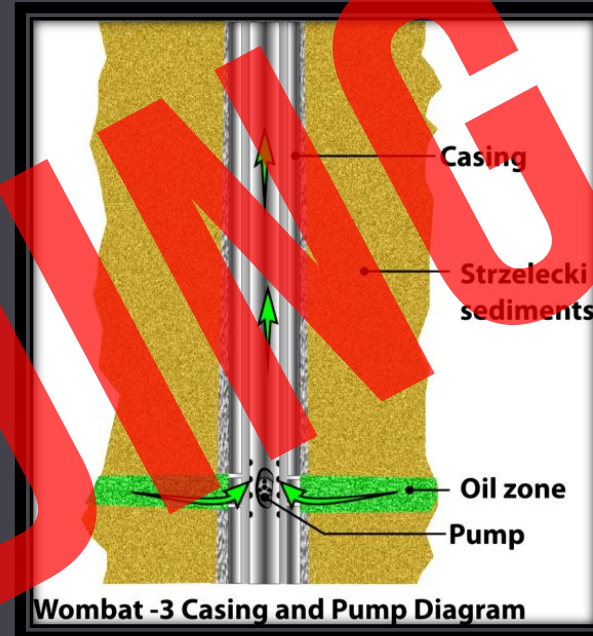
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PRL 2

Proposed Wombat 3 oil zone flow test

Wombat 3 Oil



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



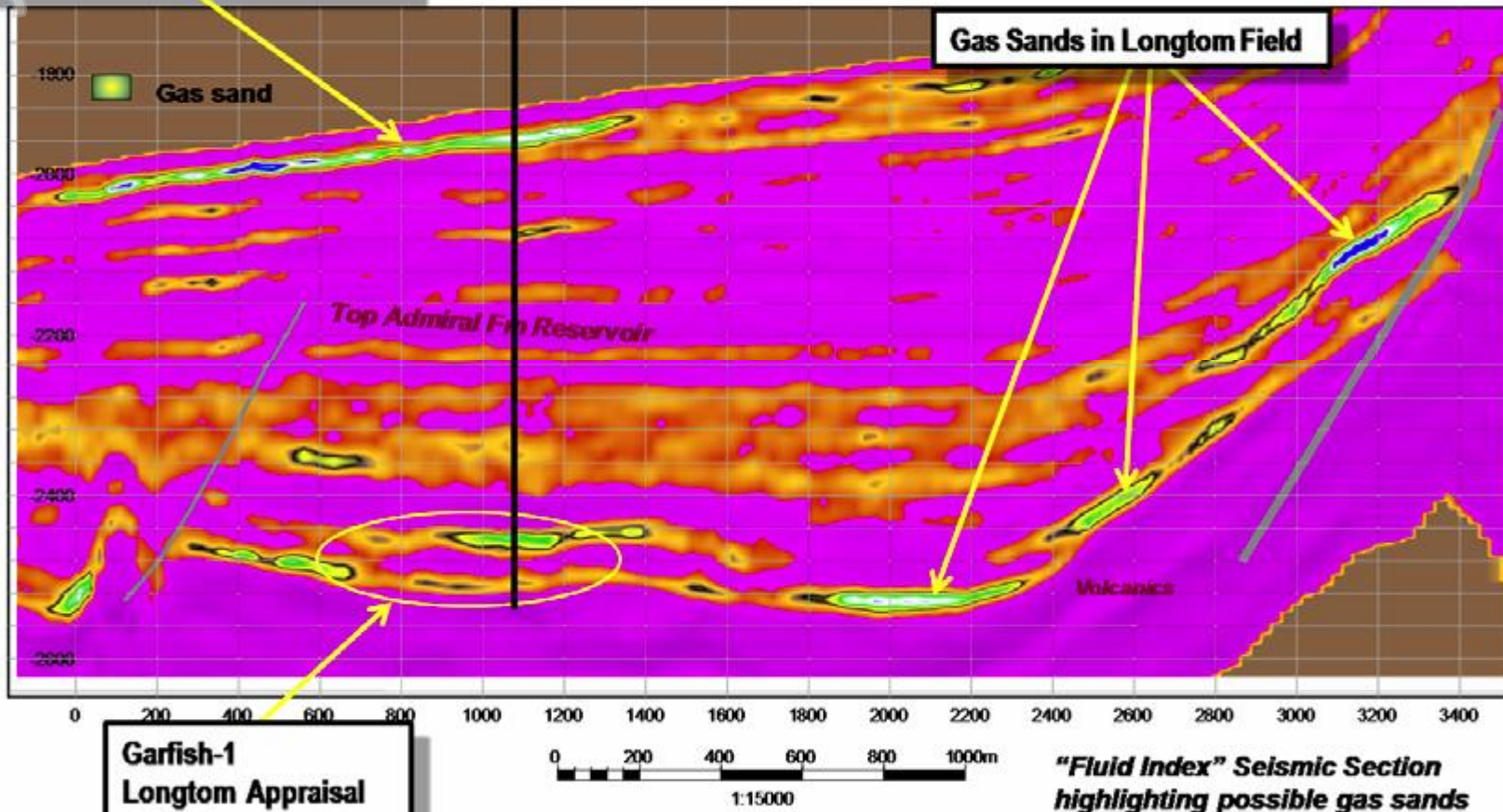


Proposed Wombat 5

Longtom-4 Comparison

Garfish-1
Exploration target
180 Bcf : Resource potential

Garfish-1



Source : Nexus Energy website



Wombat 5

Similar Lithologies between fields

Wombat-2 core



Longtom-2 core



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The Australian Newspaper

31st July 2014

Only

Lakes Oil cries double standards as Origin approved

EXCLUSIVE

IAN CHAMBERS

AN Origin Energy plan to access \$100 million of Bass Strait gas from onshore Victoria has drawn accusations of double standards from the Gina Rinehart-backed Lakes Oil, which has been banned from drilling nearby.

in plans kept largely under wraps by Origin, onshore drilling will start near the coastal Victorian town of Warrnambool next month.

The well, the first of two planned, will turn underground and head out under Bass Strait to access the big Hallaifale/Black-

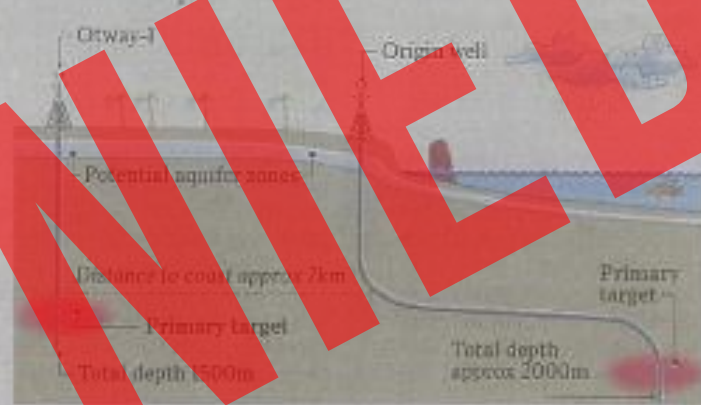
watch field, which Origin estimates contains 100 billion cubic feet of gas.

At recent contract prices, the resource could fetch \$800m in revenue.

The Origin plan was spared from a controversial state government blanket ban on onshore drilling put in place this year because it is accessing an offshore field.

But Lakes chairman Robert Annells says it illustrates the senselessness of the Victorian ban.

He says his nearby Otway-1 onshore well, which like Origin's will not use hydraulic fracturing, or fracking, poses no more risk than Origin's and would pass through the same underground aquifers.



"I don't want to stop Origin drilling — good luck to them. I am saying there are two standards here," Mr Annells said.

The government is protecting gas that will come on at a high

price and stopping the gas that will come on at a lower price."

Lakes, which also has a well at the Victorian coastal town of Seaspray halted by the ban, has positioned itself as a potential supplier

of cheaper gas to manufacturers in the face of big east coast gas price hikes as Queensland's LNG industry ramps up.

Mr Annells said if the Origin well had passed a rigorous enough approvals process to be deemed safe, his well should also be seen as safe because any gas would pass through exactly the same underground aquifers and structures.

Mrs Rinehart owns 19 per cent of Lakes.

Origin's wells, which will involve horizontal drilling techniques and probably cost more than \$10m each, are production wells, while the \$3m Lakes vertical well is an exploration well.

Lakes and partner Armour Energy hope it find conventional gas close to Origin's Iona plant.

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Key concerns

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



LAKES OIL N.L.

NW

SE

Lakes Seaspray Depression Wells

Offshore Oil & Gas Production

Lakes Latrobe Valley Wells

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

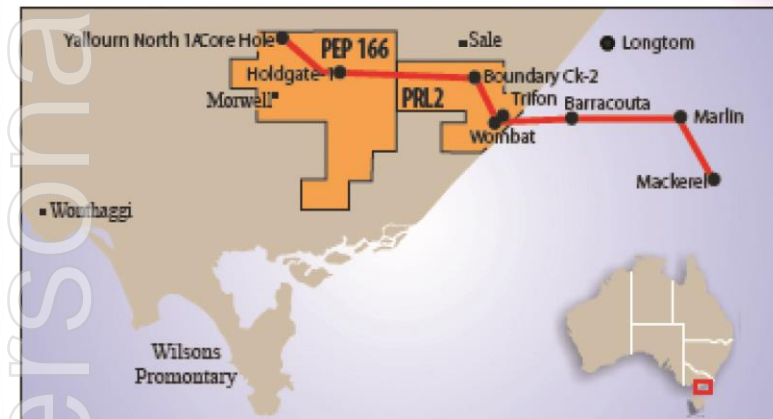
- Quaternary sediments
- Tertiary aquifers and coal seams
- Tertiary seal
- Late Cretaceous rocks
- Early Cretaceous rocks
- Basement
- Oil & gas production from aquifers in Latrobe Group
- Zones fracture stimulated in Strzelecki Group by Lakes Oil

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

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