



A.C.N. 004 247 214

**Lakes Oil N.L.**

**ASX  
Announcement  
And Media  
Release**

**24 November 2014**

[www.lakesoil.com.au](http://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](http://www.lakesoil.com.au)



Lakes Oil N.L.  
Annual General Meeting  
24 November 2014

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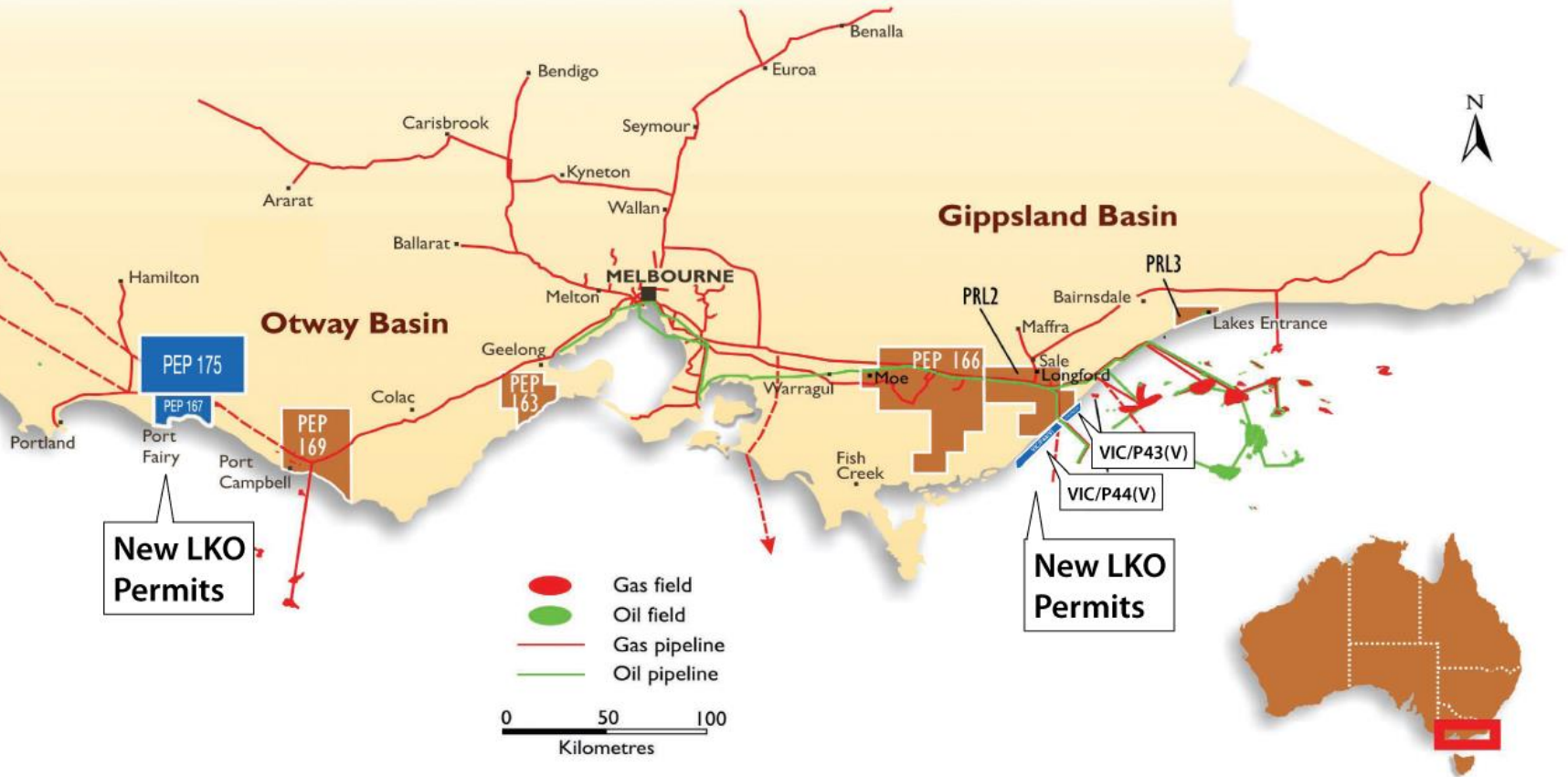
The forward looking statements included in this presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to, the Company, including to significant regulatory, business, competitive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

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# Permits - Otway Basin

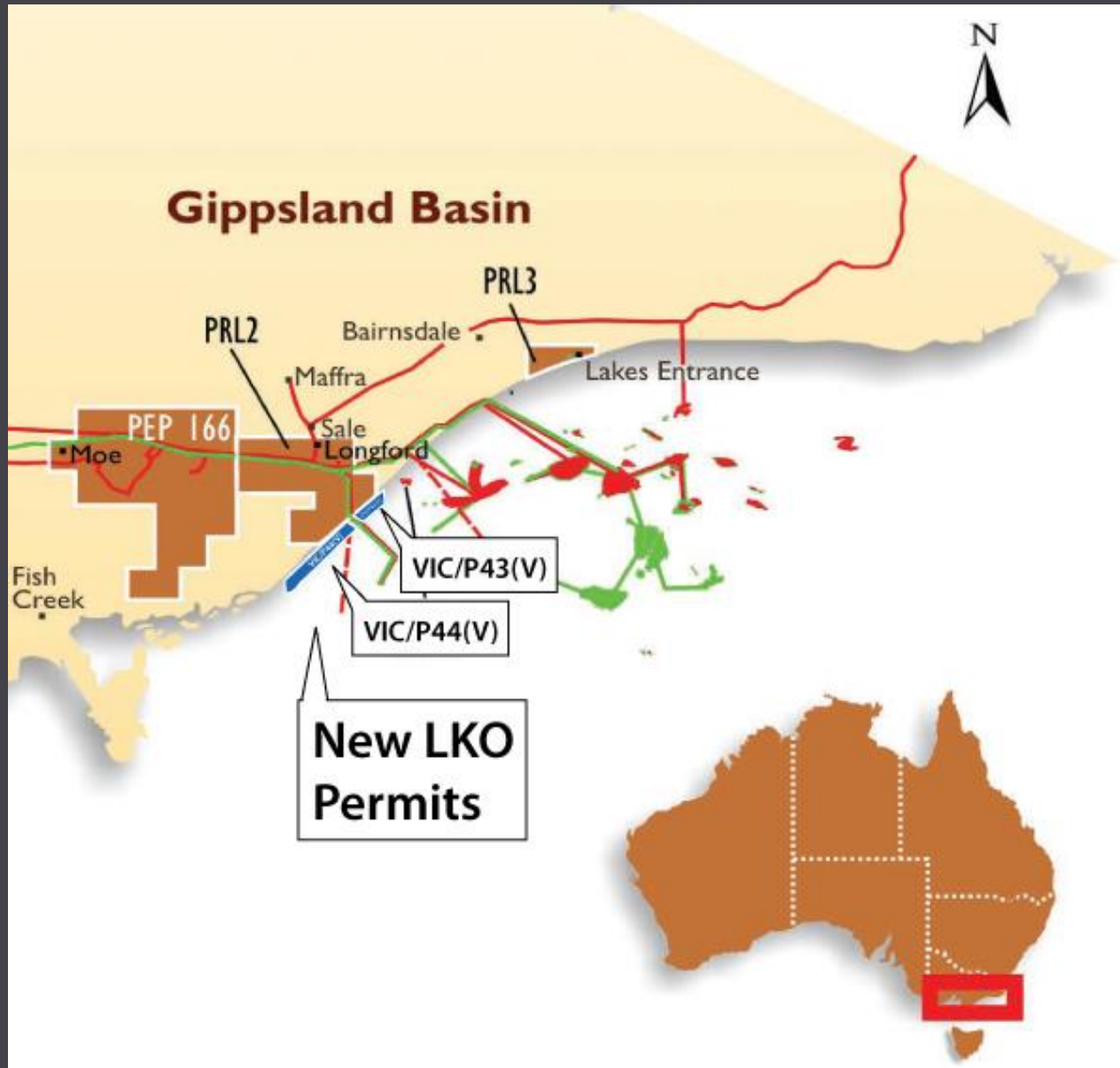
PEP 169, PEP 167, PEP 175, PEP 163



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# Permits – Offshore Gippsland



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# Diversifying out of Victoria

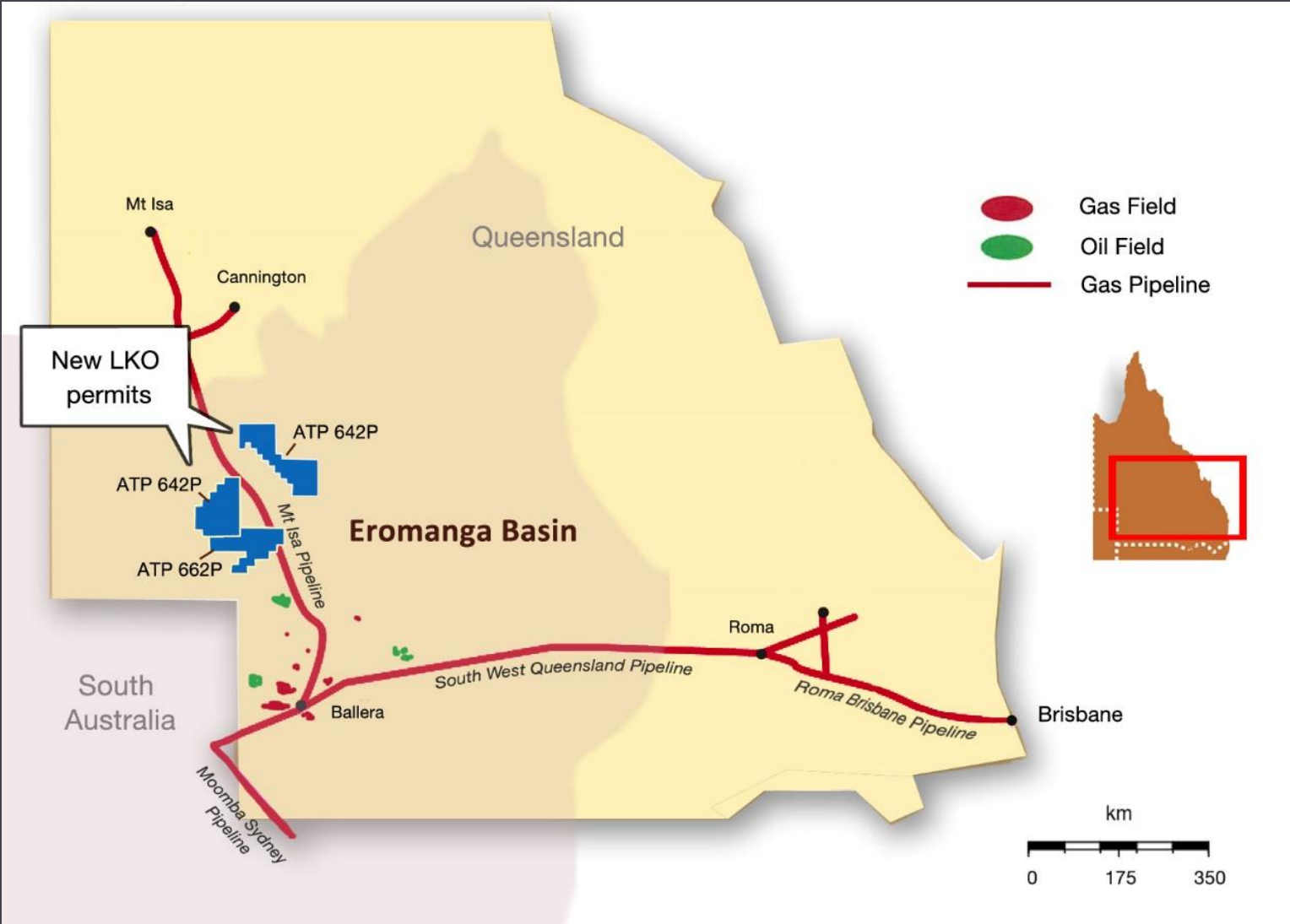
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# New Queensland Permits ATP 642P & ATP 662P

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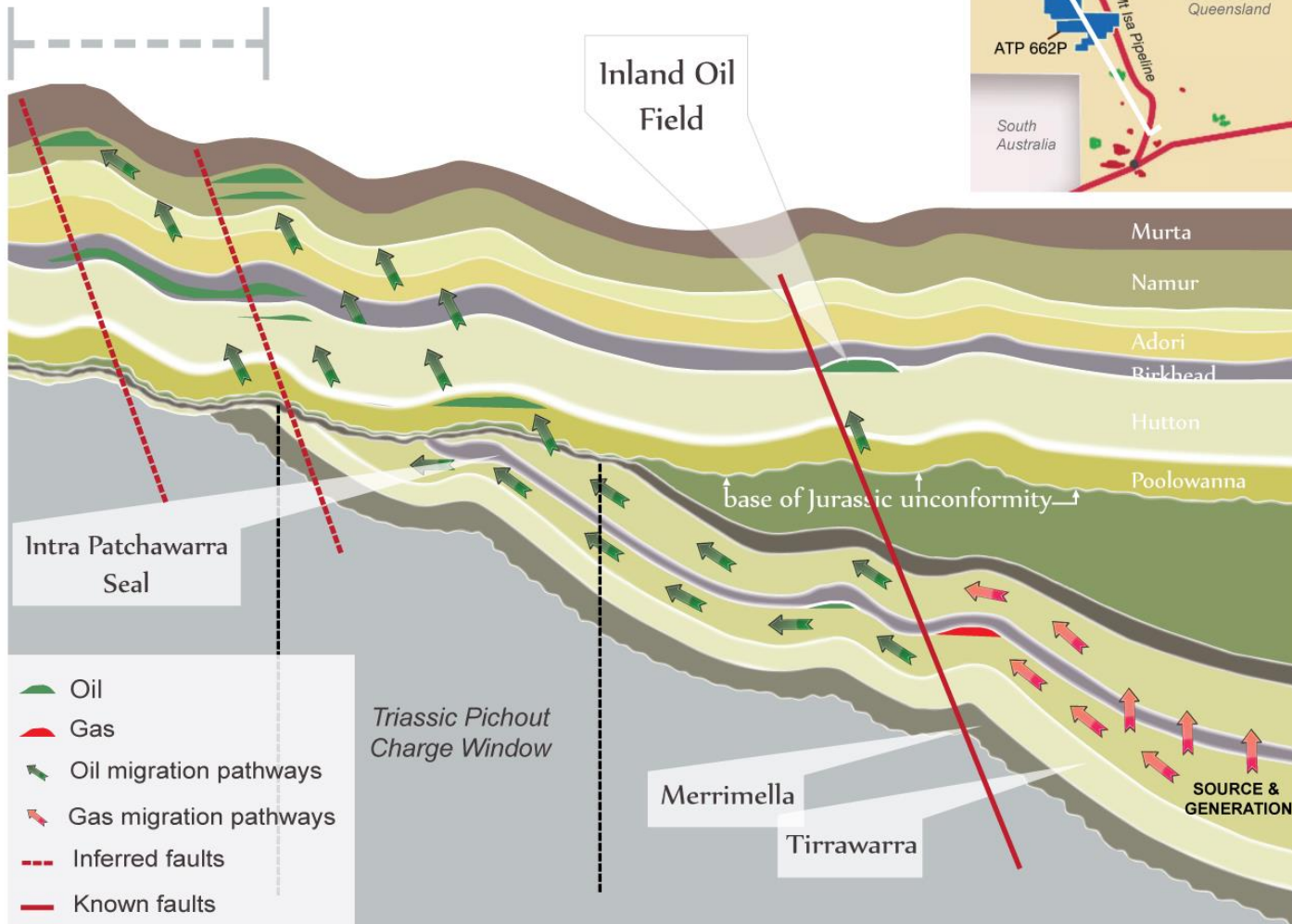
# Eromanga basin Queensland

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

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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

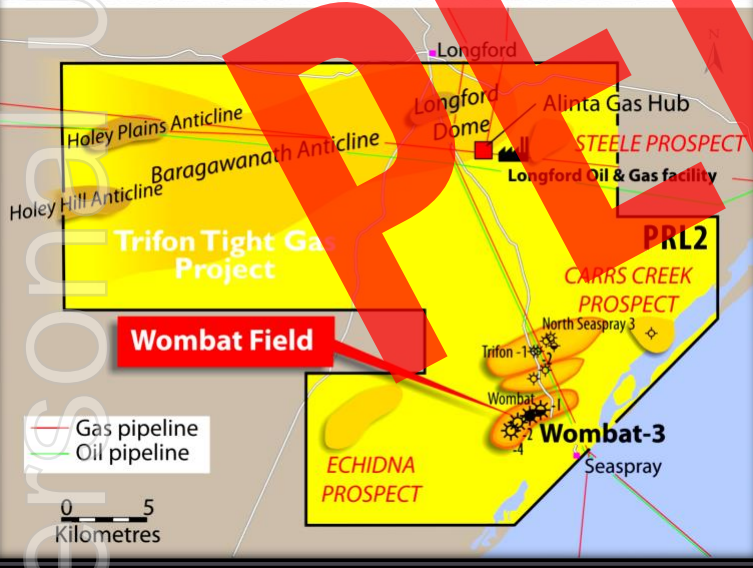
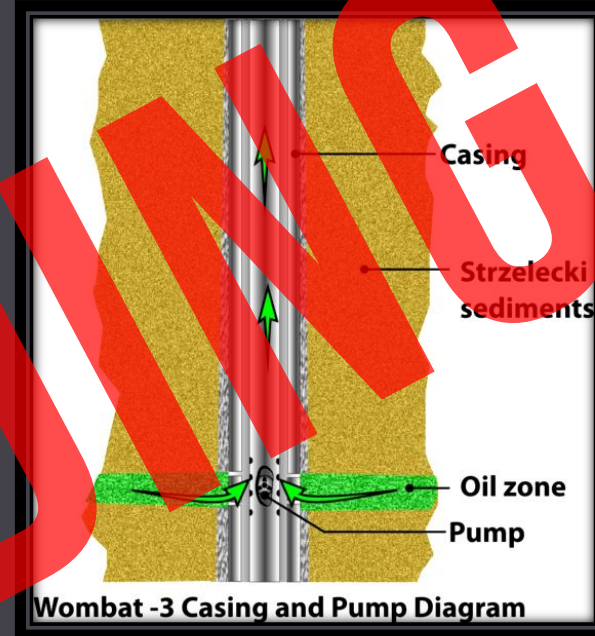
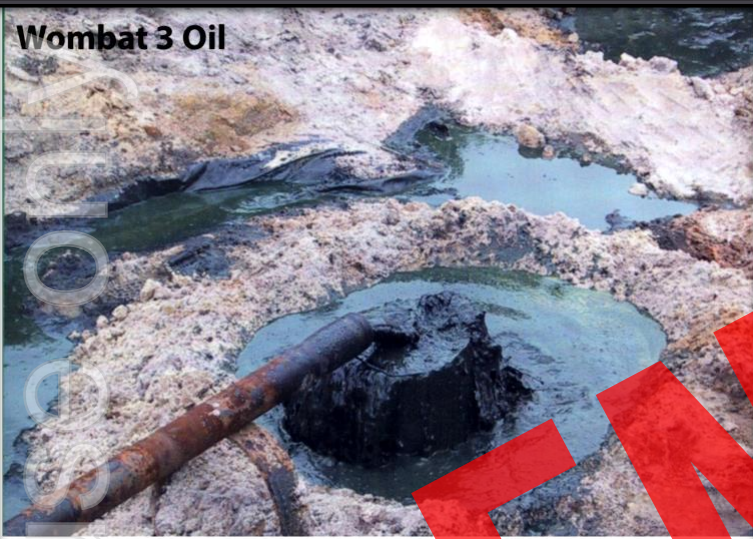
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## PRL 2

# 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



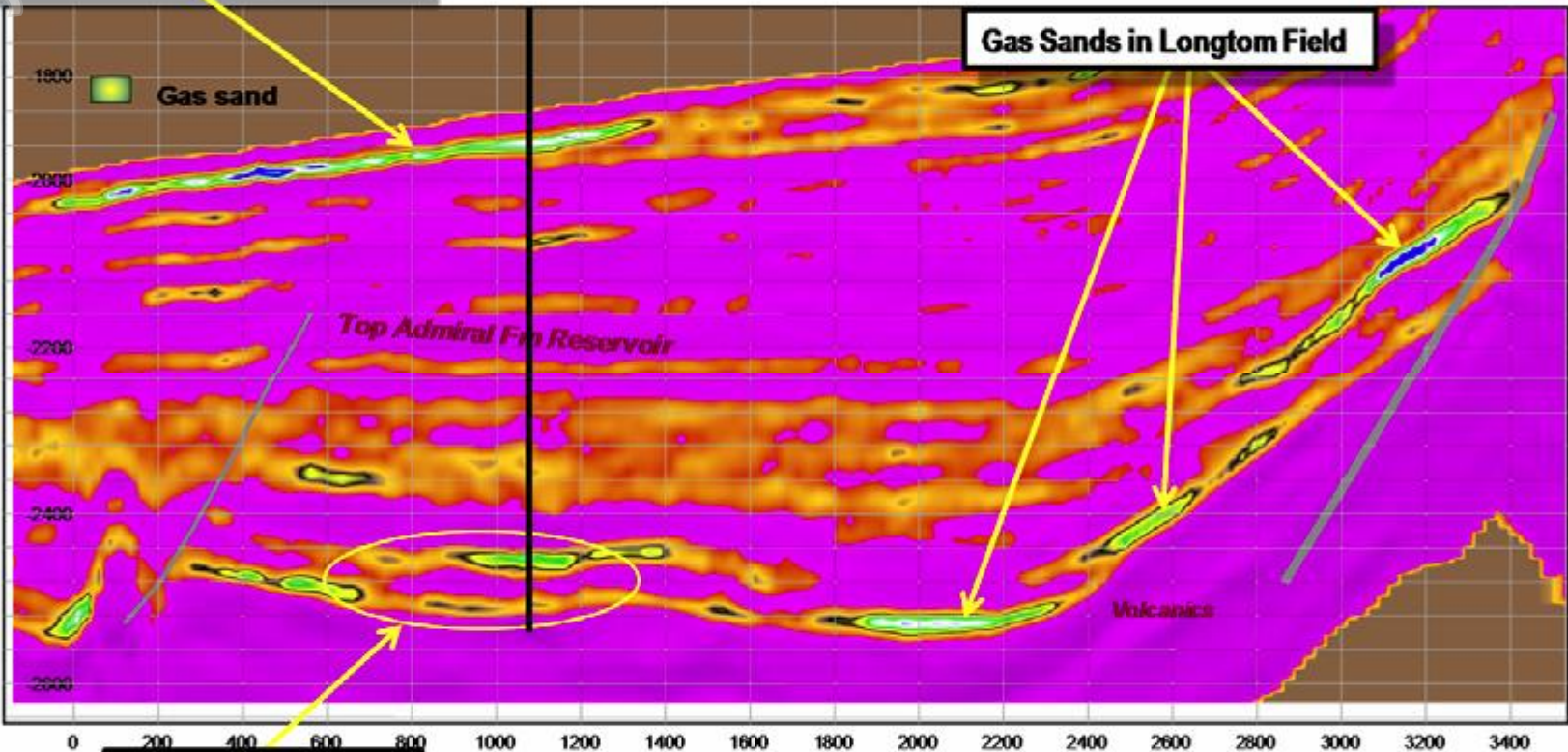


# Proposed Wombat 5

## Longtom-4 Comparison

**Garfish-1**  
Exploration target  
180 Bcf : Resource potential

Garfish-1



**Garfish-1**  
Longtom Appraisal  
Objectives

*"Fluid Index" Seismic Section  
highlighting possible gas sands*

Source : Nexus Energy website





# Wombat 5

## Similar Lithologies between fields

Wombat-2 core



Longtom-2 core



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# The Australian Newspaper

## 31<sup>st</sup> July 2014

### Lakes Oil cries double standards as Origin approved

**EXCLUSIVE**

By **IACT 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.

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-

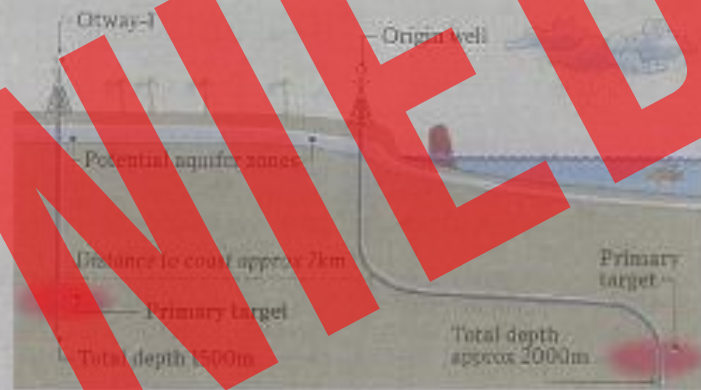
watch field, which Origin estimates contains 100 billion cubic feet of gas.

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

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



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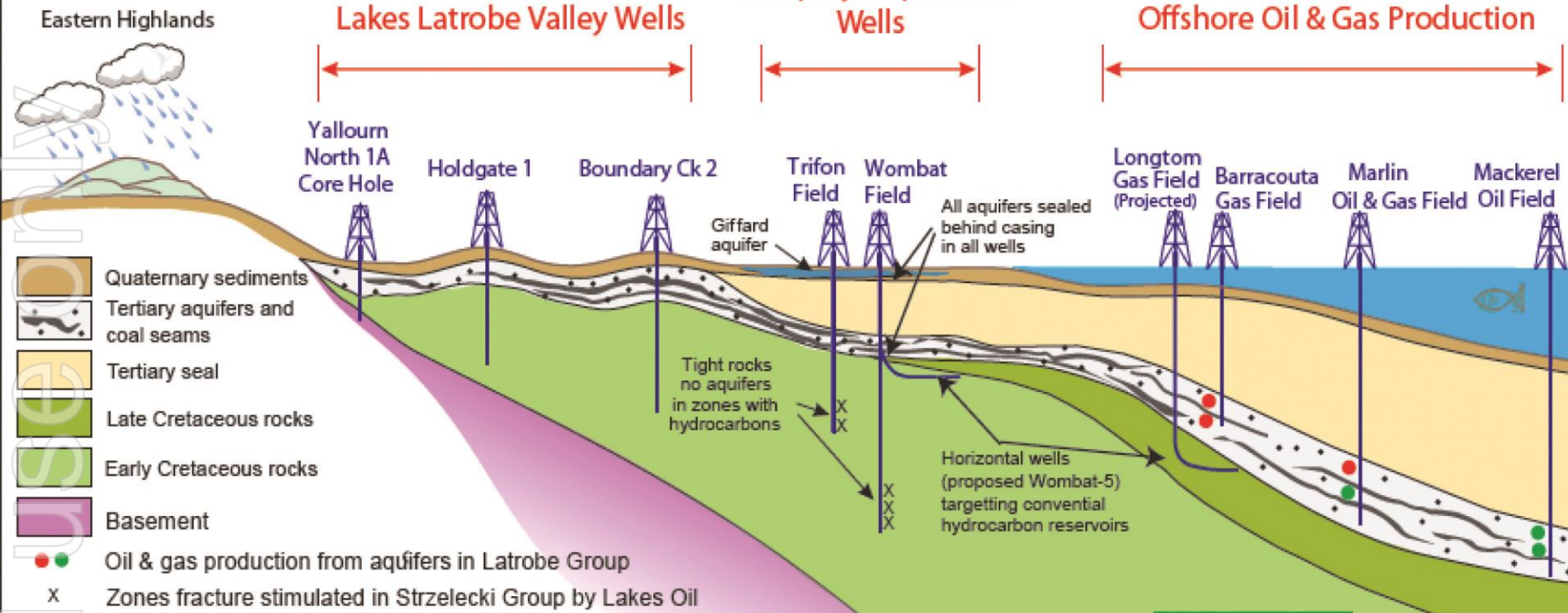
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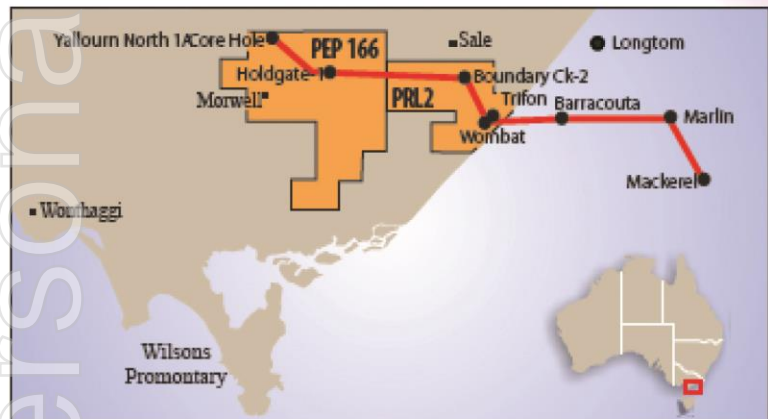
Lakes  
Seaspray Depression  
Wells

Offshore Oil & Gas Production

Lakes Latrobe Valley Wells



- 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



SIMPLIFIED DIAGRAMMATIC CROSS-SECTION  
Not to Scale

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