



A.C.N. 004 247 214

Lakes Oil N.L.

www.lakesoil.com.au

Quarterly Activities Report

For the three months ended
31 March 2009

Registered Office:
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CORPORATE INFORMATION

Directors

Robert J. Annells CPA, F.Fin (*Executive Chairman*)
Barney I Berold BCom, MBA
Peter B. Lawrence BCom, MBA, FCPA
James H. Y. Syme LLB

Company Secretary

Raymond E South FCA, FCIS, FCPA

Chief Financial Officer

Vicki Kahanoff BBus CPA

Registered Office

Level 14
500 Collins Street
Melbourne Victoria 3000

Telephone: (03) 9629 1566

Facsimile: (03) 9629 1624

Stock Exchange

Australian Stock Exchange Limited
Level 3 / 530 Collins Street
Melbourne Victoria 3000
ASX code: LKO

Auditors

Pitcher Partners
Level 19 / 15 William Street
Melbourne Victoria 3000

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne Victoria 3000

Technical Staff and Consultants

Ingrid Campbell RMIT (Geol), MPESA, MGSA
Xiaowen Sun BSc (Hons), MSc PhD MAAPG
Guy Holdgate BSc (Hons), PhD

Address for Correspondence

P.O. Box 300
Collins Street West
Victoria 8007

Email: lakes@lakesoil.com.au

Web site: www.lakesoil.com.au

Legal Advisors

Baker & McKenzie
Rialto
Level 39 / 525 Collins Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty. Ltd.
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067

The company operates a web site which directors encourage you to access for the most recent information on the Lakes Oil Group.



CORPORATE DEVELOPMENTS

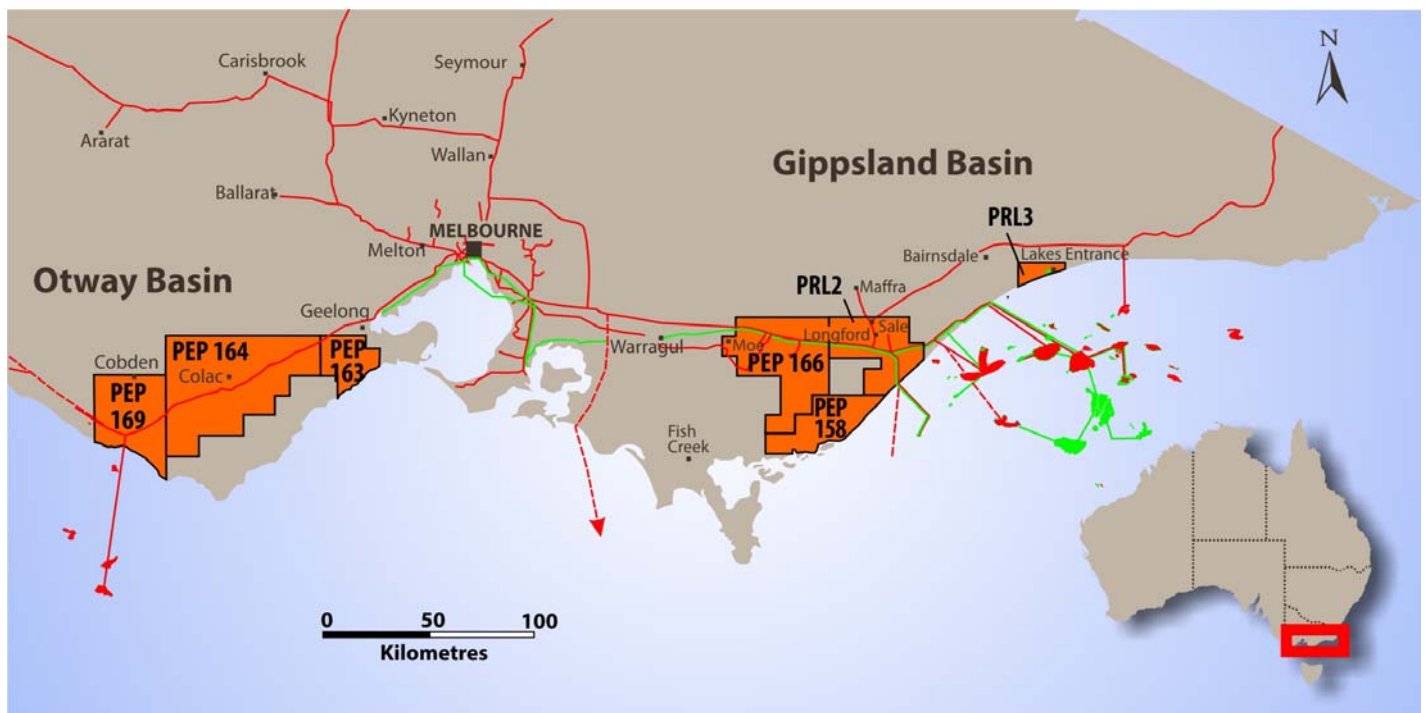
Proposed Field Operations

Our corporate developments in the coming period will include the implementation of a field operations program in PRL 2 that we believe will see us moving towards commerciality of tight gas in the Wombat Field.

Our objective is to re-enter three wells in PRL 2 in order to achieve a commercial flow from an existing gas zone in each of those wells that has previously been fracture stimulated. It must be remembered that there are still many other untested zones in each well that have still not been fracture stimulated. The wells selected for the work over program are Wombat-2, Wombat-3 and North Seaspray-3.

During this current slowdown of activity in the industry, we believe this program will provide us with the maximum potential for unimpeded commercial hydrocarbon flows to be achieved, without incurring the levels of costs that would be associated with drilling and fracturing a new well, such as Wombat 4.

The proposed program will continue Lakes Oil NL's primary objectives in the Otway and Gippsland Basins.





EXPLORATION ACTIVITIES

ONSHORE GIPPSLAND BASIN

PRL 2 - Onshore Gippsland Basin
(Lakes Oil Group, Operator: 100% interest)

Field Operations

In early April, an initial flow test was conducted in North Seaspray-3 well to test the wellhead pressures and initial flow rates in preparation for extended flow testing to be conducted later in the next quarter.

Proposed Future Operations

The following operations are scheduled for the following wells during the next quarter, once all required approvals have been granted:

- North Seaspray-3: re-entry using coiled tubing unit (CTU), nitrogen lift clean-out and flow test of 1,110m gas zone over an extended period
- Wombat-2: CTU re-entry and re-fracturing of 1,470m gas zone with a much larger fracture geometry.
- Wombat-3: CTU re-entry, nitrogen lift clean-out and flow test of oil zone at 2,106m and gas zone at 1,430m depth, which was fracture stimulated in 2005.

The proposed operations in these wells are designed to clean up the wells and allow the gas/oil zones to flow unimpeded.

The company believes that this work-over program can achieve positive results from the existing wells, which have all been cased across the Strzelecki Group allowing the work-over operations to be readily conducted to prove up the resource in one previously fraced zone in each well. This provides an effective way of performing extended flow tests and/or re-fracturing of existing gas or oil zones.

Additional Independent Assessments in PRL 2

In addition to the independent assessment of the Wombat Field in PRL 2 previously conducted by Gaffney Cline and Associates, Lakes Oil NL has commissioned the consulting group to provide us with an independent evaluation of the Trifon and Gangell fields in PRL 2, which will include results from the proposed testing at North Seaspray-3 in the next quarter. Results of this evaluation are expected to be completed in the next two months. The evaluations will provide with us a much better perspective of the undeveloped tight gas resource contained in the Strzelecki Group in the southern part of PRL 2.

PRL 3 - Onshore Gippsland Basin
(Lakes Oil Group, Operator: 100% interest)

Discussions are continuing with landowners and no further activities have taken place in this permit.

A comprehensive in-house mapping project is being conducted to incorporate all historical and recent oil company data into a single database. The aim of the project is to construct a composite model of the Lakes Entrance oil field that will assist in future mapping and developments in the area.

PEP 158 – Onshore, Victoria
(Lakes Oil Group, Operator: 100% interest)

Since supplying additional technical data in support of our retention lease application in the last period, no further developments have occurred.

PEP 166 – Onshore, Victoria
(Lakes Oil Group, Operator 100% interest)

A regional mapping project across the Latrobe Valley is being conducted using all available well, seismic and other geophysical, data including the extensive Latrobe Valley coal bore datasets. This study will assist in the understanding of the regional basement trends and the tectonic history of the onshore Gippsland Basin.

Planning for a magneto-telluric survey across the Latrobe Valley region continued with the aim of imaging base Strzelecki/basement topography and providing a better understanding of the structure and geometry of the basin. This survey is planned for later in 2009 after required approvals have been granted.

ONSORE OTWAY BASIN VICTORIA

PEP 163 – Onshore, Victoria
(Lakes Oil Group, Operator: 100% interest)

Evaluation of potential Lower Cretaceous tight gas prospects in the permit is continuing. Several prospects have been identified and will be further evaluated.

PEP 164 – Onshore, Victoria
(Lakes Oil Group, Operator: 100% interest)

The company is awaiting approval of Term 2 renewal of the permit which required a 50% drop of acreage.



EXPLORATION ACTIVITIES

PEP 169 – Onshore, Victoria (Lakes Oil Group, Operator: 100% interest)

Further detailed seismic mapping of conventional structural plays in Late Cretaceous reservoirs continued and at least 5 new structural prospects have now been identified in the south and southwest of the permit.

Drilling shows that the Late Cretaceous Waarre Formation reservoirs do not extend across the entire permit but are restricted in a WNW zone about 25km north of the current coastline.

This block contains significant potential for hydrocarbons, located as it is within and around the flanks of the Port Campbell Embayment and on the northern limit of the Shipwreck Trough, with successful testing of the Late Cretaceous Waarre Formation.

North of the Waarre Formation pinchout are several secondary targets that have been mapped and identified in the Tertiary Pebble Point Formation and Early Cretaceous Eumeralla Formation which occur at relatively shallow depths. These secondary targets are still being evaluated as there is less well control in this area

Discussions with potential joint venture partners have begun.

EROMANGA BASIN - Queensland

ATP 560P – McIVOR BLOCK - Onshore, Queensland (Lakes Oil Group: 50% interest, Operator: Victoria Petroleum N.L.)

This permit is being re-evaluated in the context of coal seam gas potential.

ATP 560P – UELEVEN BLOCK - Onshore, Queensland (Lakes Oil Group: 25% interest; Operator: Icon Oil N.L.)

This permit is being re-evaluated in the context of coal seam gas potential.

PEDIRKA BASIN - Northern Territory (Lakes Oil Group: 100% interest, Operator)

EP 142

Following evaluation of the original work program and given the current economic climate, the

company has decided to relinquish rather than commit further expenditure to this frontier block.

NEW ZEALAND – North Island (Lakes Oil Group: 100% interest, Operator)

PEP 38350

The planned Palliser Bay onshore/offshore seismic survey was cancelled as third party sharing of the mobilisation costs was unable to be confirmed in the time frame required and Lakes Oil deemed it was not in a position to sole fund these operations.

The company is now considering its future options for this permit.

Signed on behalf of Lakes Oil N.L.

**Ingrid Campbell
Chief Geologist**

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

LAKES OIL N.L.

ABN

62 004 247 214

Quarter ended ("current quarter")

31 MARCH 2009

Consolidated statement of cash flows

	Current quarter \$A '000	Year to date (9 months) \$A '000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	(121)	(1,173)
(b) development	-	-
(c) production	-	-
(d) administration	(567)	(2,206)
(e) capital raising costs	-	(25)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	128
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 (a) Net movement in GST suspense account	75	(1)
Net operating cash flows	(611)	(3,277)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(125)
(c) other fixed assets	(176)	(323)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	4,969
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Debtors	-	(26)
Net investing cash flows	(176)	4,495
1.13 Total operating & investing cash flows (carried forward)	(787)	1,218

Appendix 5B - Lakes Oil N.L. (LKO)
Mining exploration entity quarterly report – 31 MARCH 2009

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.13 Total operating & investing cash flows (brought forward)	(787)	1,218
Cash flows related to financing activities		
1.14 Proceeds from issues of shares options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Farm-in/Joint Venture contributions	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(787)	1,218
1.20 Cash at beginning of quarter/year to date	5,699	3,694
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	4,912	4,912

**Payments to Directors of the entity and associates of the Directors;
Payments to related entities and associates of the related entities.**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	86
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Directors fees : \$25,000 Consulting and professional fees paid to a Director-related entity: \$61,250	

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

Appendix 5B – Lakes Oil N.L. (LKO)
Mining exploration entity quarterly report – 31 MARCH 2009

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 – Bank overdraft	-	-

Estimated cash outflows for next quarter

	\$ A'000
4.1 Exploration and evaluation	1,500
4.2 Development	-
Total	1,500

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 (item 1.22)	4,912	5,699
5.2 Deposits at call	130	130
5.3 Bank overdraft	-	-
5.4 Investments in listed companies (market value)	1,872	1,365
Total: cash at end of quarter	6,914	7,194

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	Nil			
6.2 Interests in mining tenements acquired or increased	Nil			

Appendix 5B - Lakes Oil N.L. (LKO)
Mining exploration entity quarterly report – 31 MARCH 2009

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.

	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	4,262,095,386	4,262,095,386		
7.4 Changes during quarter				
(a) Increases through issues	NIL	NIL	-	-
(b) Decrease through returns of capital, buy-backs	NIL	NIL		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

Appendix 5B - Lakes Oil N.L. (LKO)
Mining exploration entity quarterly report – 31 MARCH 2009

7.7	Options		<i>Exercise price</i>	<i>Expiry date</i>
	<i>Directors</i>	19,500,000	7.14 cents	17 November 2009
		25,500,000	5 cents	17 November 2009
	<i>Staff</i>	3,400,000	7.14 cents	17 November 2009
		12,350,000	3 cents	17 November 2009
		6,000,000	5 cents	17 November 2009
		11,850,000	1.5 cents	9 January 2013
	<i>Third parties</i>	4,500,000	7.14 cents	17 November 2009
		19,500,000	5 cents	17 November 2009
		<u>500,000</u>	3 cents	17 November 2009
	TOTAL	103,100,000		
7.8	Issued during the quarter	-	-	-
7.9	Exercised during the quarter	-	-	-
7.10	Expired during the quarter	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-	
7.12	Unsecured notes <i>(totals only)</i>	-	-	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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:



Company Secretary

Date: 30 April 2009

Print name:

Raymond South

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.

Appendix 5B - Lakes Oil N.L. (LKO)
Mining exploration entity quarterly report – 31 MARCH 2009

- 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 complies with.

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