A.C.N. 004 247 214

Lakes Oil N.L.

ASX Announcement 10 June 2009

www.lakesoil.com.au

Lakes Begins Further Tests of Oil and Gas Zones in Gippsland

Lakes Oil advises that the Halliburton coiled tubing equipment has arrived on site at Wombat 3 to begin the workover and testing program. This program is designed to re-enter, clean out and test the following wells using nitrogen.

Wombat 3
The well will be flow tested across the gas zone at 1,430m after which the coiled tubing unit will be used to "mill-out" the valve placed at a depth of 1,449m to fully evaluate the oil zone at 2,106m.

North Seaspray 3
As previously announced, the coiled tubing unit will also be used to lift and clean out North Seaspray 3. The gas zone, at a depth of 1,110m, was not previously flowed back after the original fracing took place and therefore still has a large quantity of fracing fluid down the hole, which is inhibiting the gas flow and full evaluation.

Wombat 2
Fracing equipment is due to arrive on site around the 20th June to re-frac Wombat 2. It is planned to substantially extend the existing artificial fracture in the well.

We expect this will increase the current gas flow recovered from a sustainable rate of 680,000 cubic feet per day to a much higher number. This will demonstrate to potential buyers of this gas the commerciality of this valuable new Victorian onshore resource.

Wombat gas contains virtually no CO_2, unlike offshore Gippsland gas which can contain up to 12% CO_2 (before burning). The Wombat gas, if used for power generation, has potential to substantially help Victoria meet its greenhouse gas targets.

Attached is a photo taken on June 9th 2009 when Wombat 3 was re-opened prior to the workover program beginning, together with the Amdel analysis of Wombat gas.

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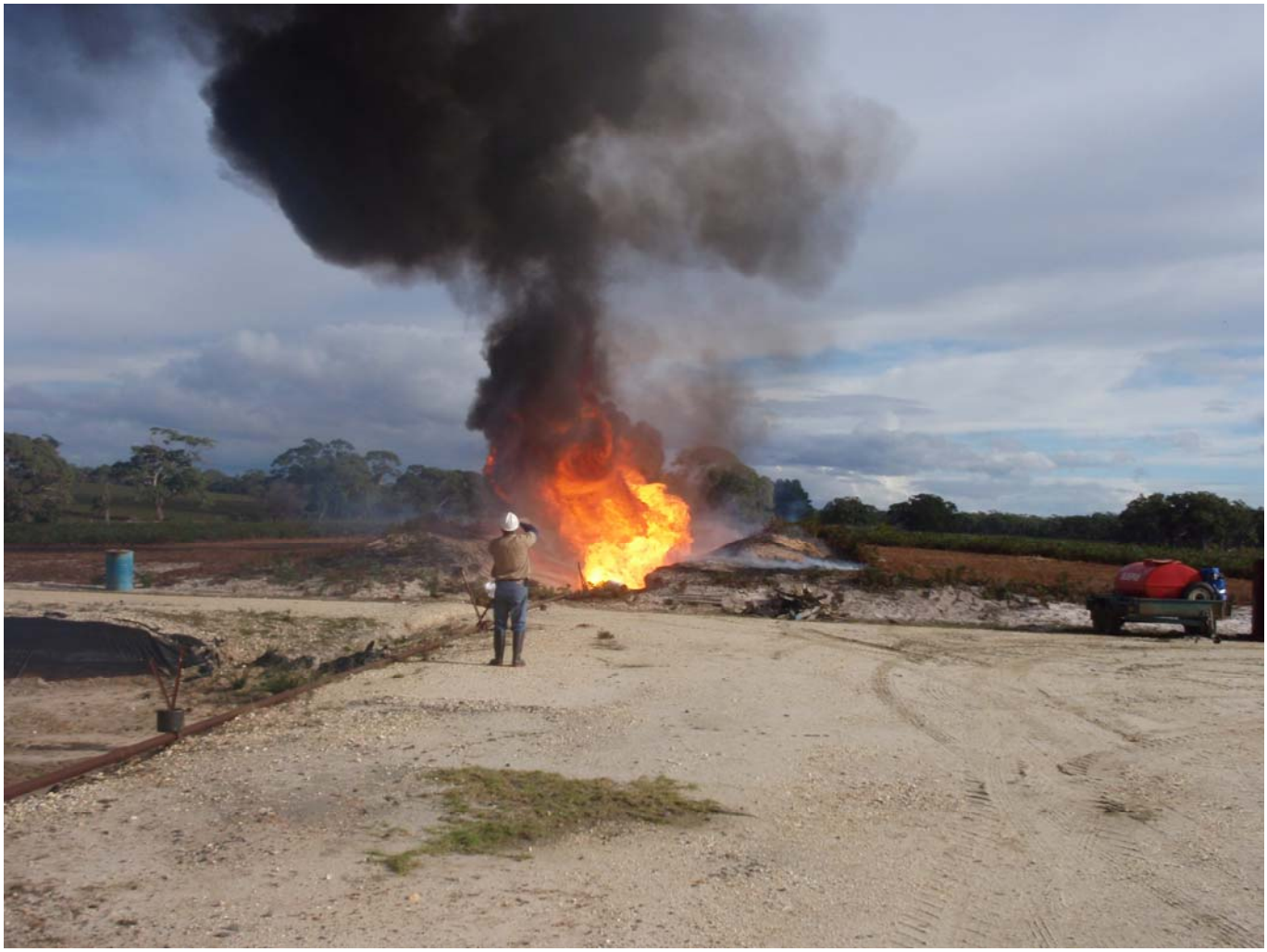

(Photo taken on June 9th 2009 of Wombat 3 flaring prior to workover program)

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Customer Sample ID		Cylinder #SS-2	Cylinder #462
Well ID		Wombat-2, DST-2	Wombat-2, DST-3
Sample Type		Gas	Gas
Date Sampled		20/04/2004	21/04/2004
Time Sampled		1915 h	1010 h
Pressure		2033 kPag	2273 kPag
Temperature		20°C	
Description		Bubble Hose	

GAS ANALYSIS

Test/Reference	Unit		
Gas Analysis ASTM D 1945-96 (modified)			
Nitrogen*	Mol %	1.23	1.72
Carbon Dioxide*	Mol %	0.02	0.04
Methane*	Mol %	93.19	92.70
Ethane*	Mol %	3.41	3.36
Propane*	Mol %	1.26	1.24
I-Butane*	Mol %	0.20	0.20
N-Butane*	Mol %	0.30	0.30
I-Pentane*	Mol %	0.08	0.08
N-Pentane*	Mol %	0.07	0.07
Hexanes*	Mol %	0.14	0.15
Heptanes*	Mol %	0.07	0.09
Octanes and higher hydrocarbons	Mol %	0.03	0.05
Total*	Mol %	100.00	100.00
Gas Parameters ASTM D 1945-96 (modified)			
Average Molecular Weight*		17.51	17.59
Lower Flammability Limit*		4.74	4.76
Upper Flammability Limit*		14.89	14.96
Ratio Of Upper To Lower*		3.14	3.15
Wobbe Index*		51.28	50.97
Compressibility Factor*		0.9977	0.9977
Ideal Gas Density (Rel to Air = 1)*		0.605	0.607
Real Gas Density (Rel to Air = 1)*		0.606	0.609
Ideal Nett Calorific Value*	MJ/m^3	35.98	35.85
Ideal Gross Calorific Value*	MJ/m^3	39.87	39.72
Real Nett Calorific Value*	MJ/m^3	36.06	35.93
Real Gross Calorific Value*	MJ/m^3	39.96	39.82
Gross Calorific Val Water-Sat Gas	MJ/m^3	39.17	39.03

Gas Parameters

The above results are calculated on an air and water free basis assuming only the measured constituents are present. The following parameters are calculated from the above composition at 15°C and 101.325 kPa (abs) using ISO 6976 and the physical constants from the GPSA SI Engineering Data Handbook 11 th Ed.