



Lakes Oil N.L.

**ASX
Announcement
29 July
2009**

www.lakesoil.com.au

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29 July 2009

Dear Shareholder,

RIGHTS ISSUE

As set out in our letter to you on 16 July 2009, Lakes Oil NL is conducting a pro rata non-renounceable rights offer of 1 share for every 4 shares held at an issue price of **1 cent** per share.

Your personalised Entitlement and Acceptance Form is enclosed showing your entitlement which you need to complete and return if you wish to accept your right to apply for shares. Details of how to apply are set out on the back of the Entitlement and Acceptance Form.

You can also apply for **more than** your entitlement at 1 cent a share by completing the Entitlement and Acceptance Form accordingly and by providing payment for the full amount applied for including additional applications.

The closing date for the offer is **21 August 2009**. If you wish to apply for shares please ensure that the Entitlement and Acceptance Form is accurately completed and returned in the enclosed pre-addressed/prepaid envelope to the Company's share registry (note that New Zealand registered shareholders will need to pay and affix the relevant postage).

Your right to subscribe for shares at 1 cent per share provides value to you to the extent to which the share price exceeds that price. The share price closed at **1.4 cents** per share on 15 July 2009 immediately prior to the announcement of the issue. If you take no action you will forego any value that your entitlement may provide to you as the issue is not renounceable.

If there are excess oversubscription applications, the Company will determine an appropriate allocation policy. The Company reserves the right to place any resulting shortfall at its discretion.

The Company has entered into an Underwriting Agreement with Patersons Securities Limited as announced to ASX on 22 July 2009. The Underwriter has agreed to underwrite the first \$3 million (300 million shares) of the rights issue.

The Underwriter may terminate its obligations under the Underwriting Agreement in circumstances typically found in underwriting agreements of this nature, including if either the S&P All Ordinaries Index or the Standard & Poors /ASX200 Index drops by 10% or more from the level of close of trading as at the date of the Underwriting Agreement. Under the Underwriting Agreement, the Company is to pay the Underwriter an underwriting commission equal to 5% of the aggregate price of underwritten shares.

The Underwriter currently has no interest in the Company and the maximum interest the Underwriter could obtain is 6.7% of Lakes shares. However, this is theoretical only as it unrealistically assumes that no shares are taken up by shareholders and that no sub-underwriting arrangements are entered into.

Holding statements are expected to be dispatched on 31 August 2009 and any excess funds for additional applications not accepted are expected to be returned promptly without interest.

If fully subscribed the rights issue will raise approximately \$11 million. Funds raised from the issue will be used to fund the drilling of Wombat 4 well and for ongoing exploration purposes.

Shareholders will have received an overview of our current operations in my recent letter of July 16, 2009 to which the following is added:

Wombat 2

Following the successful re-fracture stimulation of the 1,470m gas zone, where the fracture length was increased from 86ft to approximately 306 ft, the removal of frac fluid is continuing with the help of the coiled tubing unit which has arrived back from North Seaspray 3. Quick pressure build up following each shut-in operation indicates to us that the wellbore remains in good communication with the formation and significant amounts of gas are present.

North Seaspray 3

Operations at the well have been temporarily suspended in order to evaluate the results to date. It appears that the original hydraulic fracture carried out in 2005 may have penetrated upwards into the Latrobe Group aquifer, causing water to enter the wellbore.

Wombat 3

Discussions continue with our consultants to ascertain the best approach to running a drill stem test in the oil zone at 2,106 metres, where fresh samples of oil were recovered. The samples are presently being analysed. Although not large in volume, the recovery of this oil is highly significant. It is the first Strzelecki oil recovered in the Gippsland basin from below the traditional Latrobe sands that produce offshore. Lakes continue to assess the origin of this oil and the ramifications that it may have for the whole Basin.

Wombat 4 (Proposed)

We believe that the considerable information and data obtained from our previous wells, our 3D seismic survey, and our current workover program in PRL2 provides a sound basis for drilling Wombat 4.

With all the knowledge we have gained and on the assumption that drilling results meet expectations and suitable economic conditions exist, it is our intention that this will be a future production well, with a scheduled depth of approximately 2,000 metres. The well will be artificially fractured, once a full evaluation of the well logs is carried out and when suitable equipment becomes available. Again the knowledge we have gained so far will determine the design of the hydraulic fracturing.

The well will be located approximately 1.5 kilometres to the south-west of Wombat 2. Although this is a big step-out, the 3D seismic mapping has provided us with a sound assessment of the area.

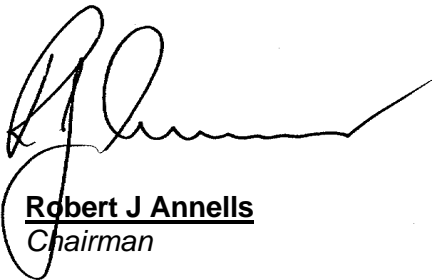
We expect to test a significantly increased thickness of weathered gas-bearing Strzelecki Group sands which were seen in the other Wombat wells. In the earlier Wombat wells these sands have been shown to have better permeability than was found to be present at greater depths. If present at the Wombat 4 location they are up-dip from all three previous Wombat wells and the 3D seismic shows that they extend over a wide area.

A rig has been secured and, to reduce costs, will arrive on-site in several loads over the coming weeks. Once all required approvals have been received, drilling of the Wombat 4 well is planned for mid-September.

Lakes has come a long way over the last few years in its quest to establish Victoria's first tight gas field. To date we have maintained a 100% interest in the Wombat field and all our Gippsland permits, with the exception of the Trifon area where we hold 50%. From time to time, Lakes has had discussions with potential joint venture partners. However for various reasons, these discussions have not resulted in securing a satisfactory partner. In more recent times the interest in our tight gas play has intensified and, importantly, we now have a very significant independent assessment of both the Wombat and Trifon fields by Gaffney, Cline and Associates. Should a satisfactory opportunity arise in the future we will, naturally, look at it with a view to maximising shareholder value.

I look forward to your participation in this issue and the future of your Company.

Lakes Oil N.L.



Robert J Annells
Chairman

Lakes Oil N.L.
'an unconventional oil & gas company'
www.lakesoil.com.au



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 731 902
(outside Australia) 61 3 9415 4686

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000
SAM



MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a **black pen**.
Print in **CAPITAL** letters
inside the grey areas.

A	B	C
1	2	3

Entitlement and Acceptance Form (including Additional Shares)

IMPORTANT: This is an important document which requires your immediate attention.
If you are in any doubt as to how to deal with this form, please consult a professional adviser.

Non-Renounceable Entitlement Issue closing 5.00pm (AEST) on 21 August 2009

Non-Renounceable Entitlement Issue of 1 New Share for every 4 Shares registered and entitled to participate at the record date at an issue price of 1 cent.

Receipt of this Application Form by 5.00pm (AEST) on 21 August 2009 with your payment, utilising the payment options detailed overleaf will constitute acceptance of such number of shares allotted to you up to the maximum amount comprising the total of C and D.

You may apply for Shares above your entitlement. Depending on the level of acceptance, your allocation may be scaled back to a quantity not less than your entitlement of 1 share for each 4 presently held.

I/We enclose my/our payment for the amount shown below being payment of 1 cent per Share.
I/We hereby authorise you to register me/us as the holder(s) of the Share allotted to me/us, and I/we agree to be bound by the Constitution of the Company.

A Shareholder Entitlement details

Subregister	Issuer
Existing Shares entitled to participate at Record Date on 24 July 2009	XXX,XXX,XXX
Entitlement to New Shares on a 1 for 4 basis	XXX,XXX,XXX
Amount payable on full acceptance at 1 cent per Share	X,XXX,XXX.XX
Entitlement Number	123456789012

See back of form for completion guidelines

B Credit Card Payment Details

Note: Only Mastercard and Visa are accepted.

<input type="checkbox"/> Mastercard	<input type="checkbox"/> Visa	Card Number	
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Card Holder		Expiry Date		CCV Number	
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Signature	
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Do not detach form - Acceptances can only be accepted in the name printed on this form

Please see overleaf for Payment Options

C Number of Entitlement Shares applied for	D Number of additional Shares applied for	E Amount enclosed at 1 cent per Share
		A\$

Paperclip cheque(s) here. Do not staple.

F Payment Details - Please note that funds are unable to be directly debited from your bank account.



Bill Code: 123456
Ref No: 123412341234123412

Drawer	Cheque number	BSB number	Account number	Cheque amount
				A\$

Make your cheque or bank draft payable to Lakes Oil Subscriptions Account

G Contact Details

Please provide your contact details in case we need to speak to you about this form

Name of contact person	Contact person's daytime telephone number
	()

1234567890123456+1234567890-1234+12

How to complete this Entitlement and Acceptance Form (including Additional Shares)

Please note that photocopies of this form will not be accepted. These instructions are cross-referenced to each section of the Application Form.

A Details of your Entitlement based on your Shareholding at 7.00pm (AEST) on 24 July 2009 are shown in box A on the front of this Entitlement Form.

B Payment Details - Credit Card

Visa and Mastercard are the only cards that can be used to support this application. Complete the "Payment by Credit Card" section of the Application Form by indicating the type of card with a tick in the appropriate box. Be sure to show the name and numbers exactly as shown on the card.

The CCV Number is found on the signature strip of the reverse of the credit card. Only the three numbers are required

C Entitlement Shares Applied for

You can apply to accept either all or part of your Entitlement. Enter in box C the number of New Shares you wish to accept from your Entitlement.

Please ensure you complete Section C on the bottom of the form.

D Additional Shares Applied for

Enter the number of additional New Shares you wish to apply for (if any).

No Eligible Shareholder is assured of receiving any New Shares applied for in excess of their Entitlement and any amount by which applications from Eligible Shareholder exceed their Entitlements may be scaled back at Lakes Oil NL's discretion, in such manner as Lakes Oil NL considers is reasonable in the circumstances.

Please ensure you complete Section D on the bottom of the form.

E Acceptance Monies

Enter the total amount of acceptance monies payable. To calculate this amount, multiply the total number of New Shares applied for in box C, and if applicable, box D, by 1 cent.

Please ensure you complete Section E on the bottom of the form.

F Payment Details - Cheques

You can apply for shares by utilising the payment options detailed below.

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to accept such number of shares allotted to you up to a maximum amount comprising the aggregate of the amounts set out in boxes C and D.

Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to Lakes Oil Subscriptions Account and crossed "Not Negotiable". Payments not properly drawn may be rejected.

You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. The Lakes Oil N.L Share Registry will not represent any dishonoured cheques. Paperclip in (do not staple) your cheque(s) to the Form where indicated. Payments in cash will not be accepted. Receipt of your payment will not be forwarded.

Only Australian bank account holders can make payments through BPAY®

G Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

The directors reserve the right to make amendments to this form where appropriate.

Lodgement of Acceptance

If you are applying for New Lakes Oil N.L. Shares and your payment is being made by BPAY®, you do not need to return this Form. Your payment must be received by no later than 5.00pm (AEST) on 21 August 2009. Applicants should be aware that their own financial institution may implement earlier cut of times and financial limits with regards to BPAY®, and should take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.

If you are paying by cheque, bank draft or money order, your Entitlement and Acceptance Form must be received at the Melbourne office of Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (AEST) on 21 August 2009. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for Shareholders in Australia. New Zealand holders will need to affix the appropriate postage. Return your Acceptance Form with cheque to the address listed below.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for Lakes Oil N.L. ("the issuer"), for the purpose of maintaining registers of Shareholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 731 902.

This form may not be used to notify your change of address. For information, please contact CIS on 1300 850 505 or www.computershare.com (Certificated/Issuer Sponsored Holders only).

CHES holders must contact their Controlling Participant to notify a change of address.

Payment Options:



Billers Code: 123456

Ref No: 123412341234123412

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



By Mail
Lakes Oil NL
Computershare Investor
Services Pty Limited
GPO Box 52
Melbourne, Victoria 3001
AUSTRALIA



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000



Accepting by Credit Card:

Visa and Mastercard are the only cards that can be used to support this application. Complete the "Payment by Credit Card" section of the Application Form by indicating the type of card with a tick in the appropriate box. Be sure to show the name and numbers exactly as shown on the card.





LAKES OIL N.L.

ABN 62 004 247 214

Registered Office:
Level 14,
500 Collins Street,
Melbourne, Vic. 3000
Phone: (03) 9629 1566

Postal Address
PO Box 300,
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Melbourne Vic. 8007
Fax: (03) 9629 1624

29 July 2009

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SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

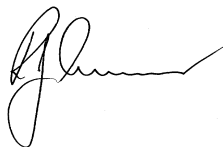
Dear Overseas Shareholder,

RIGHTS ISSUE

As set out in our letter to you on 16 July 2009, Lakes Oil NL is conducting a non-renounceable rights issue of one fully paid ordinary shares for every four shares held at an issue price of 1 cent per ordinary share.

In accordance with regulatory requirements, Lakes Oil has decided that it will not extend this offer to shareholders with a registered address outside of Australia and New Zealand. This decision has been made after taking into account the small number of shareholders involved, the small number and value of the entitlements that would be offered and the relatively high cost of complying with the laws and requirements of relevant regulatory authorities.

Yours sincerely



Lakes Oil N.L.
Robert J Annells
Chairman