



A.C.N. 004 247 214

Lakes Oil N.L.

ASX
Announcement
1 July
2009

www.lakesoil.com.au

LAKES OIL N.L. UPDATE

WOMBAT 2 FRAC SUCCESSFUL – SUBSTANTIAL INCREASE IN GAS FLOW

NEW CONTINGENT RESOURCE ESTIMATE OF 683 BCF

Wombat 2 Re-Fracturing Operation

Lakes Oil N.L. advises that its Wombat 2 well near Seaspray, Victoria has been successfully re-fractured in the gas zone at 1,470 metres.

This morning, following a clean-out, the well flowed at an initial estimated rate of 4,300,000 cubic feet per day and later decreased and stabilised to 1,350,000 cubic feet per day flowing through a ½" choke.

This gas zone was previously fracture stimulated in 2004 and gave a sustainable gas flow of 680,000 cubic feet per day. The current flow of gas and frac fluids is an estimate only and the sustainable gas flow will not be known for several weeks as the gas flow increases and as the frac fluid flow decreases.

Lakes Oil N.L. injected 155,297 lbs of proppant into the 1,470 metres zone in Wombat 2 to produce an effective fracture length of 275 feet. By comparison, the 2004 fracturing placed only 73,831 lbs of proppant into this zone producing an effective fracture length of approx. 86 feet. *

It should be noted we have only fracture stimulated one zone out of several known in this well. There are also additional zones suitable for fracture stimulation in the other two Wombat wells. These are untested to date and have the potential to substantially increase the total flow rate from the Wombat Field.

The success of our latest re-fracture treatment and increased flows gives us confidence that we are close to the commercialization of the Wombat Field.

Trifon, Gangell and Seaspray Contingent Resource Estimates

Gaffney, Cline & Associates (see Attachment) have now released to us their independent review of the gas potential of the Greater Trifon Field incorporating the Trifon, Gangell and Seaspray structures in PRL 2.

The table below provides a summary of gas initially in place and Contingent Gas Resources for the Greater Trifon Field and show a 2C Contingent Resource of 390 bcf of gas.

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**TRIFON, GANGELL AND NORTH SEASPRAY ACCUMULATIONS
VIC/PRL2, ONSHORE AUSTRALIA
SUMMARY OF GAS INITIALLY IN-PLACE AND CONTINGENT GAS RESOURCES**

	GIIP		
	P90	P50	P10
Gas Initially In-Place (GIIP) (Bscf)	293	922	1,237
	Contingent Gas Resources (Gross 100% Interest)		
	1C	2C	3C
Estimated Ultimate Recovery (EUR) (Bscf)	126	390	526

Notes:

1. Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60° Fahrenheit.
2. Volumes reported are gross (100%) interest for the field area.
3. The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content, which together average less than 4%.
4. 1C, 2C, 3C are equivalent to P90, P50, P10 estimates utilizing a probabilistic methodology.

The Greater Trifon Field estimate along with our previously reported 2C Contingent Resources of 293 bcf for the Wombat Field, (table below) will give us a total 2C Contingent Resource of **683 bcf for these two areas**. This total reflects results only from the southern fields in PRL 2 (figure below).

**WOMBAT FIELD
VIC/PRL2, ONSHORE AUSTRALIA
SUMMARY OF GAS INITIALLY IN-PLACE AND CONTINGENT GAS RESOURCES**

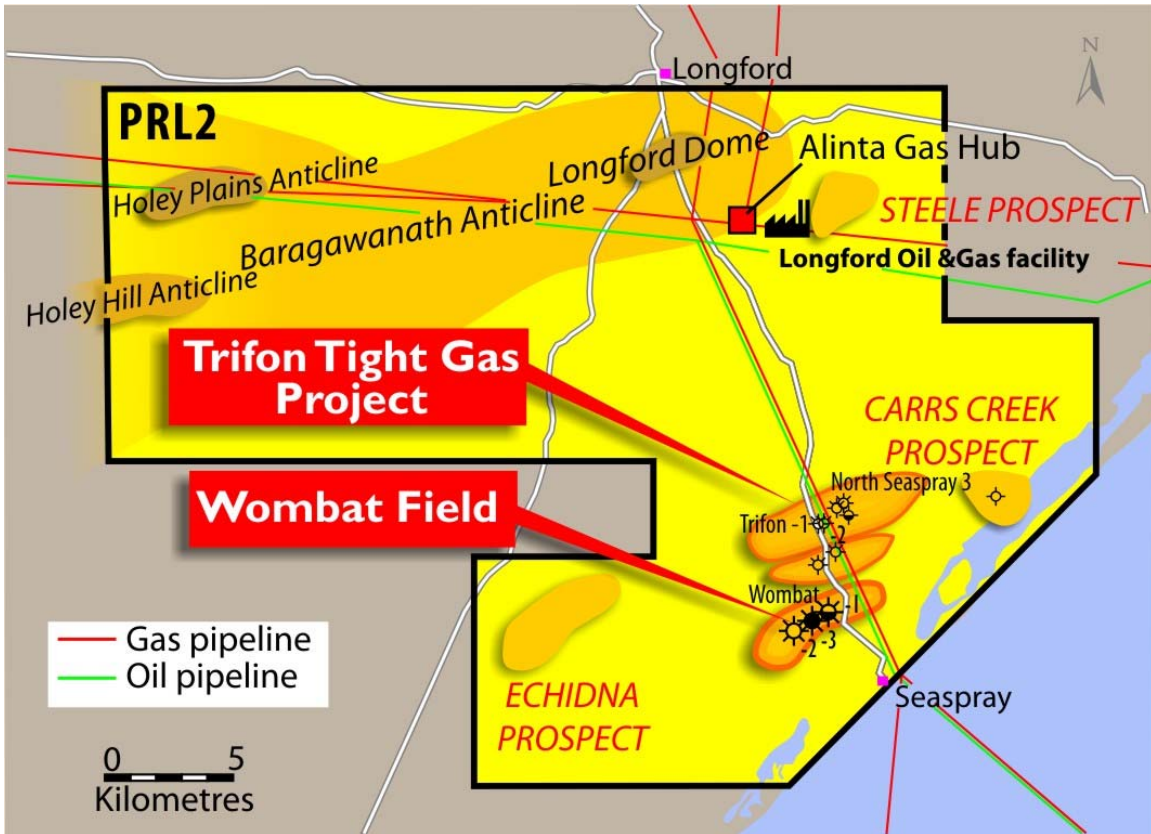
	GIIP		
	P90	P50	P10
Gas Initially In-Place (GIIP) (Bscf)	497	700	936
	Contingent Gas Resources (Gross 100% Interest)		
	1C	2C	3C
Estimated Ultimate Recovery (EUR) (Bscf)	211	293	394

Notes:

1. Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60° Fahrenheit.
2. Volumes reported are gross (100%) interest for the field area.
3. The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content, which together average less than 1.8%.
4. 1C, 2C, 3C are equivalent to P90, P50, P10 estimates utilizing a probabilistic methodology.

These are major new Victorian gas resources with negligible carbon dioxide content. We believe these resources will provide an excellent natural gas fuel for electricity generation.

** Note: Petroleum industry practise requires the use of imperial units*



Lakes Oil N.L.

ROBERT J. ANNELLS

Chairman

INGRID CAMPBELL

Chief Geologist

Lakes Oil N.L.
 'an unconventional oil & gas company'
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Gaffney, Cline & Associates (Consultants) Pte Ltd
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30th June, 2009

Mr. Robert J. Annells
Chairman
Lakes Oil N.L.
Level 14, 500 Collins Street
Melbourne Vic 3000
Australia.

Dear Mr. Annells,

1. We refer to the announcement entitled:
'LKO UPDATE: WOMBAT 2 FRAC SUCCESSFUL-GAS FLOW INCREASES
NEW CONTINGENT RESOURCE ESTIMATE OF 683 BCF'
(**The Announcement**).
2. We confirm that we have been provided with a copy of **The Announcement** to be released on 1st July, 2009.
3. We hereby consent to any statement by us, or said in **The Announcement** to be based on a statement by us, being included in **The Announcement** in the form and context in which such statement is included in **The Announcement**.
4. We do not make or purport to make any statement in **The Announcement**, or any statement on which a statement in **The Announcement** is based, other than the statements contained in **The Announcement** with our consent under paragraph 3 above.
5. To the maximum extent permitted by law, we expressly disclaim and take no responsibility for any statements in or omissions from **The Announcement** other than the references to our name and any statements included in **The Announcement** with our consent under paragraph 3 above.
6. We confirm that we will notify Lakes Oil N.L. in writing immediately if our consent granted pursuant to this letter is withdrawn.

Signed for and on behalf of
GAFFNEY, CLINE & ASSOCIATES (CONSULTANTS) PTE LTD

David Ahye
Regional Manager - Asia-Pacific