



A.C.N. 004 247 214

**Lakes Oil N.L.**

**ASX  
Announcement  
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## Lakes Oil Merger with Cape Energy

Lakes Oil NL (**Lakes Oil**) is pleased to announce that it has signed a non binding terms sheet with Cape Energy SA (**Cape Energy**), in respect of a potential business combination of the two companies.

The intention of the parties is to create a stronger combined entity in order to enjoy the substantial production and cash flow offered by Cape Energy's Golden Beach offshore gas development project in the short to medium term with the major production potential of the Lakes Oil tight gas play in its onshore licenses for the medium to long term.

The preliminary, non binding terms sheet contemplates implementing the merger by way of a share and cash transaction whilst retaining Lakes Oil as a listed entity. Shareholders will be kept fully informed as to the progress of the negotiations.

Golden Beach was discovered by the Burmah Oil Company of Australia in 1967. It is located 4km from the Gippsland coast, as shown in the attached map. The field is in good proximity to Lakes Oil's Wombat and Trifon Fields.

Lakes Oil and Cape Energy plan to negotiate in good faith with a view to completion of a definitive agreement by the middle of September 2008. Further details regarding specific terms and a schedule for shareholder and regulatory approvals will be provided once the definitive agreement is completed.

**ROBERT J. ANNELLS**  
*Chairman*

### **For Further information:**

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