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**Lakes Oil  
N.L.**

[www.lakesoil.com.au](http://www.lakesoil.com.au)

**ASX  
Announcement  
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# LAKES OIL N.L.

## Latrobe Fuels to seek gas from Lakes Oil NL (LKO) in Farm in Deal

Lakes Oil NL (Lakes Oil) is pleased to announce that its fully owned subsidiary Petro Tech Pty Ltd (Petro Tech) has signed a farm-in and operating agreement with Latrobe Fuels Limited (Latrobe) over a portion of Petro Tech's exploration area Permit 166 located onshore in Victoria Australia.

Under the terms of this agreement Latrobe is required to drill, at its own cost, up to two wells to a total depth of 2,000 metres, or basement, whichever is reached first. For doing so Latrobe may acquire up to a 50% interest in the designated area (map attached). Drilling of the first well must commence by 31 December 2010.

Latrobe will also have first right of refusal over Petro Tech's share of any hydrocarbon production from the drilled well(s) at a pricing formula related to market rates.

Latrobe is a Victorian based company formed to mine a brown coal deposit at Gormandale in the Latrobe Valley. Their intention is to process brown coal into a liquid fuel. Should the new joint venture be successful and discover gas in its joint area the "methane" will substantially reduce Latrobe's operating cost by increasing the recovery in its process.

Lakes Oil successfully recovered gas in its nearby Loy Yang #2, well drilled in 2005/06, and the same Strzelecki sands will be targeted in these joint venture wells.

This agreement is particularly beneficial for Lakes Oil shareholders as it allows the company to bring forward required exploration activities and provides further opportunity to prove the potential of Lakes Oil's extensive tight gas play reserves in its permits across Victoria.

Shareholders will be kept fully informed of the progress of the joint venture operation.

Signed

**Lakes Oil N.L.**

**ROBERT J. ANNELLS**

*Chairman*

Lakes Oil N.L.  
'an unconventional oil & gas company'

**STRUCTURES ON TOP OF STRZELECKI GROUP IN THE GORMANDALE AREA - ALSO SHOWING LOCATION OF EXCISED AREA FOR GAS EXPLORATION**

