LAKES OIL N.L.

A.C.N. 004 247 214

Quarterly Activities Report
and
Mining Exploration Entity Quarterly Report

for the three months ended

30 September 2003

CORPORATE DIRECTORY

Directors
Robert J. Annells CPA, ASIA
(Executive Chairman)
Peter C. Dunn BE, FAusIMM, FSIA
Peter B. Lawrence BCom, MBA, FCPA

Company Secretary & Chief Financial Officer
Robert E. Love FCA, FCIS

Registered Office
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Telephone: (03) 9629 1566
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Stock Exchange
Australian Stock Exchange Limited
Level 3, 530 Collins Street,
Melbourne Victoria 3000
ASX code: LKO

Auditors
Ernst & Young
Level 33, 120 Collins Street,
Melbourne, Victoria 3000

Bankers
Bank of Melbourne Limited
360 Collins Street,
Melbourne, Victoria 3000

Technical Consultants
Jack N. Mulready BSc, Fell. Dip. (Mgmt.) RMIT
Roger A. Meaney BSc(Hons), MSEG
Eric A. Webb BSc, MAAPG, FAusIMM
Greg J. Blackburn BSc(Hons), PhD

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Legal Advisors
Corrs Chambers Westgarth
Bourke Place, Level 6
600 Bourke Street,
Melbourne, Victoria 3000

Baker & McKenzie
Rialto, Level 39,
525 Collins Street,
Melbourne, Victoria 3000

Share Registry
Company Secretary
c/- Computershare Investor Services Pty. Ltd.
Level 12, 565 Bourke Street,
Melbourne, Victoria 3000

The company operates a web site which directors encourage you to access for the most recent information on the Lakes Oil Group.

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTHS ENDED 30 JUNE 2003

ONSHORE GIPPSLAND BASIN

- **PEP 155 –** Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  Interpretation of the Falcon gravity and magnetic data has focused attention on the Marlo area located within the eastern portion of the permit. Further evaluation is now being undertaken.

- **PEP 156 –** Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  Lakes completed the drilling of the Patties Pies South-1A well (previously named Jones Bay-1) in early October. No significant gas shows were encountered, and the well was plugged and will be completed as a water well by the landowner. It is planned to undertake sampling of water produced from this well in the future to test for the presence of any associated gas. Nonetheless it is concluded that the gas recorded in this vicinity is unlikely to be present in commercial quantities.

- **PEP 157 –** Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  Planning is now under way for the first stage of a drilling programme which would involve the drilling of Trifon-2 in early 2004.

- **PEP 158 –** Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  Late in August 2003 Lakes commenced the drilling of the Alberton scout hole. This scout hole was drilled to investigate sands within the Latrobe Group recorded in core holes drilled in the Alberton area by the SEC of Victoria in 1981.

  The hole encountered "black" sands over an interval of 126 metres from 81 metres to total depth of 207 metres. Cores of these sands were cut and have been sent for analysis.

- **PEP 166 –** Onshore, Victoria
  (Lakes Oil Group: 50% interest; Operator: AusAm Resources Limited)

  During the quarter interpretation of Airborne Gravity Gradiometry Data from Rosedale, Latrobe Valley, Victoria was completed. This report is currently being reviewed.

OFFSHORE GIPPSLAND BASIN

- **VIC/P47** – Offshore, Victoria
  (Lakes Oil Group: Option to earn 77% interest over a portion of the permit; Operator: Eagle Bay Resources NL)

  Work was completed on the reprocessing of selected seismic lines over the Gilbert Prospect.

  These reprocessed lines are currently having specialised processing performed on them to study the amplitude variations over the Gilbert Prospect. Spectral analyses are also being carried out to evaluate the prospect and select a drilling location.

  Several regional lines from the north of the permit have also been reprocessed in readiness for specialised processing involving seismic inversion, spectral analysis and amplitude studies.

ONSHORE OTWAY BASIN

- **PEL 57** – Onshore, South Australia
  (Lakes Oil Group: 40% interest; Operator: Origin Energy Resources Ltd.)

  The PEL 57 joint venture is awaiting the results of processing of seismic acquired by Essential Petroleum Resources NL in the east of the permit in June 2003.

- **PEP 152** – Onshore, Victoria
  (Lakes Oil Group: 15.59% interest; Operator: Origin Energy Resources Ltd.)

  A review of existing prospects and leads by the Operator is continuing.

- **PEP 163** – Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  Negotiations are being held which may lead to the drilling of a well by a farminee. Lakes has entered a provisional agreement to drill a well to be named Barwon-1, located approximately 18 kilometres south west of the city of Geelong. It is envisaged this well will be drilled during February/March 2004 to an estimated depth of 2000 metres and is designed to be a follow-up well to a well drilled in late 1969 which flowed a small amount of gas to surface.

- **PEP 164** – Onshore, Victoria
  (Lakes Oil Group, Operator: 100% interest)

  A review of existing seismic is continuing.

OFFSHORE OTWAY BASIN

- **EPP 24** - Offshore, South Australia
  (Lakes Oil Group, Operator: 100% interest)

  Lakes has applied for a retention lease over the area containing the Troas structure and is awaiting the results of this application from the State and Federal authorities.

EROMANGA BASIN - Queensland

- **ATP 560P – McIVER BLOCK** - Onshore, Queensland
  (Lakes Oil Group: 50% interest; Operator: Victoria Petroleum N.L.)

  There was no activity undertaken on this permit during the June 2003 quarter.

- **ATP 560P – UELEVEN BLOCK** - Onshore, Queensland
  (Lakes Oil Group: 25% interest; Operator: Icon Oil N.L.)

  There was no activity undertaken on this permit during the June 2003 quarter.

ONSHORE USA – San Joaquin Basin California

- **EAGLE PROSPECT** - Onshore, California, U.S.A.
  (Lakes Oil Group: 15% working interest; Operator: Victoria Petroleum N.L.)

  Negotiations with potential farminees are continuing.

- **KINGFISHER PROSPECT** - Onshore, California, U.S.A.
  (Lakes Oil Group: 10% interest; Operator: Victoria Petroleum N.L.)

  Negotiations with potential farminees are continuing.

Signed on behalf of Lakes Oil N.L.

Jack N. Mulready – Technical Consultant

Dated 29 October 2003

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

LAKES OIL N.L.

ABN	Quarter ended ("current quarter")
62 004 247 214	**30 September 2003**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for: (a) exploration and evaluation	**(470)**	**(470)**
	(b) development	-	-
	(c) production	-	-
	(d) administration	**(403)**	**(403)**
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	**8**	**8**
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Net movement in GST suspense account	**(12)**	**(12)**
	Net operating cash flows	**(877)**	**(877)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	**(30)**	**(30)**
	(c) other fixed assets	**(1)**	**(1)**
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	**11**	**11**
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	**(20)**	**(20)**
1.13	Total operating & investing cash flows (carried forward)	**(897)**	**(897)**

		Current quarter $A' 000	Year to date (3 months) $A' 000
1.13	Total operating & investing cash flows (brought forward)	(897)	(897)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares options, etc.	-	
1.15	Proceeds from sale of forfeited shares	1,434	1,434
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising expenses	-	-
	Net financing cash flows	1,434	1,434
	Net increase (decrease) in cash held	537	537
1.20	Cash at beginning of quarter/year to date	1,005	1,005
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	1,542	1,542

Payments to Directors of the entity and associates of the Directors; Payments to related entities and associates of the related entities.

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	80
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees: $18,750

Consulting and professional fees paid to a Director-related entity: $61,250

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$ A'000
4.1	Exploration and evaluation	1,448
4.2	Development	-
	Total	1,448

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $ A'000
5.1	Cash on hand and at bank (item 1.22)	1,542	1,004
5.2	Deposits at call	16	23
5.3	Bank overdraft	-	-
5.4	Investments in listed companies	704	315
	Total: cash at end of quarter	2,262	1,342

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		No change	-	-
6.2	Interests in mining tenements acquired or increased		No change	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Number issued	Number quoted	Issue price per securitiy (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3	**+Ordinary securities**	**800,645,655**	**800,645,655**	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decrease through returns of capital, buy-backs	79,690,861	79,690,861	$0.018	$0.018
7.5	**+Convertible debt securities** *(description)*	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
				Exercise price	*Expiry date*
7.7	**Options** *Directors* *Staff*	**36,000,000** **15,000,000** **51,000,000**	-	**5 cents** **5 cents**	**30 June 2005** **30 June 2005**
7.8	Issued during the quarter		-		

7.9	Exercised during the quarter	-	-		
7.10	Expired during the quarter	-	-		
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: **29 October 2003**
Company Secretary

Print name: **Robert E Love**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, AASB 1022; *Accounting for Extractive Industries* and *AASB 1026*: *Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complies with.

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