A.C.N. 004 247 214

Lakes Oil N.L.

ASX Announcement And Media Release 10 February 2015

www.lakesoil.com.au

Registered Office:
Level14,
500 Collins Street
Melbourne Vic 3000
Ph: +61 3 9629 1566

LAKES OIL NL

Lakes Oil N.L

Information booklets to shareholders

Lakes Oil NL encloses a copy of information booklets that will be mailed to shareholders within the week

Lakes Oil NL

Robert Annells
Chairman


LAKES OIL N.L.
NEW FOCUS
WESTERN VICTORIA
NO FRACCING

DISCLAIMER

This document is not a recommendation, offer or invitation by any person to any person to sell or apply for securities in Lakes Oil N.L. and does not constitute financial product advice.

The document is not a prospectus under Australian law or under any other law. It is for information purposes only. Accordingly, this document neither purports to be exhaustive nor contain all of the information required to make an investment decision.

While Lakes Oil has sought to verify the matters set out in this document, Lakes Oil makes no representations or warranties in relation to the preparation of this document and the information in it (such as its accuracy, reliability, completeness or reasonableness of any assumptions). The Recipient releases Lakes Oil, their advisors and the officers of each of the aforementioned persons from any liability or responsibility for this document (including without limitation, loss or damage arising by negligence).

The document is provided to the Recipient on the basis that the Recipient must rely on their own inquiries and seek appropriate professional advice in relation to the information and statements in relation to the proposed prospects, business and operations of the Company.

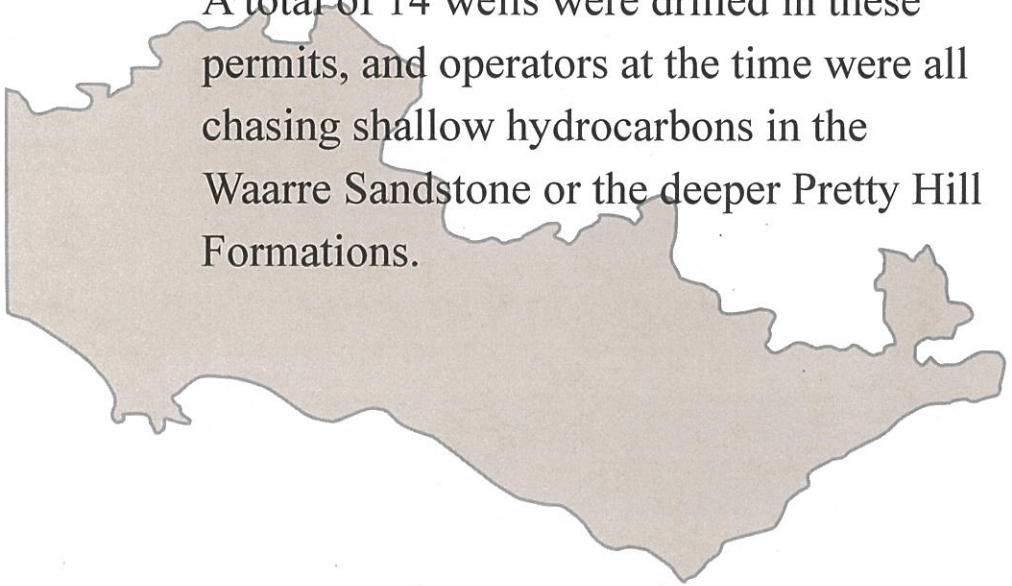
The forward looking statements included in this document involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, or are unknown to Lakes Oil N.L. being subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward looking statements and the assumptions on which those statement are based.

Dear Shareholder,

The Otway Basin

Lakes Oil believes its recently acquired acreage in the onshore Otway Basin, explored over the past 50 years, is very promising.

A total of 14 wells were drilled in these permits, and operators at the time were all chasing shallow hydrocarbons in the Waarre Sandstone or the deeper Pretty Hill Formations.



All wells cooking with gas

All wells encountered gas in the 'Eumeralla Formation' that lies between the 'Waarre' and 'Pretty Hill' sandstones.

In some cases continuous gas was encountered over a 2000m intersection, which is quite extraordinary. Lakes believes this can be extracted using conventional drilling methods, which we believe will not require hydraulic stimulation.

The Eumerella Formation in the Otway Basin is analogous to the Strzelecki Formation in Gippsland, which contains Lakes Oil's existing gas fields.

A huge new resource

Because of Lakes' experience in Gippsland we have immediately recognised this as a potentially huge new resource for Victoria.

All previously acquired well data has been sent to the USA for reprocessing and the results are more than encouraging.

Importantly, we believe it is possible to reach commerciality with conventional methods.

A major new industrial hub

Portland is an excellent deep water port, and with the potential for utilising cheaper gas onshore rather than expensive offshore gas, there is the opportunity to create a major industrial centre at Portland.

The existing gas pipeline connecting Adelaide to Geelong with a spur pipe to Portland, will also be of great benefit in Lakes' plans for the region.

Lakes is already talking to a number of potential gas users in Geelong and Portland.

Reduced costs

Apart from existing production at Port Campbell, onshore gas has in recent years been ignored in Victoria, with major companies preferring more expensive offshore developments.

Lakes believes it will be possible to produce onshore gas for one fifth of the offshore cost, with resultant cost savings to industry and domestic use.

Already Lakes has negotiated provisional gas supply agreements with Dow Chemicals and Simplot in the east of the State and discussions are taking place where we might see similar provisional contracts in the west.

The potential for Portland is *enormous;* active mining exploration is going on in the region for Copper and Nickel, and Rutile and Zircon are already being produced.

With the support of the State Government we are confident that cheap gas in the region will stimulate development and jobs and at the same time provide cheaper gas for Geelong.

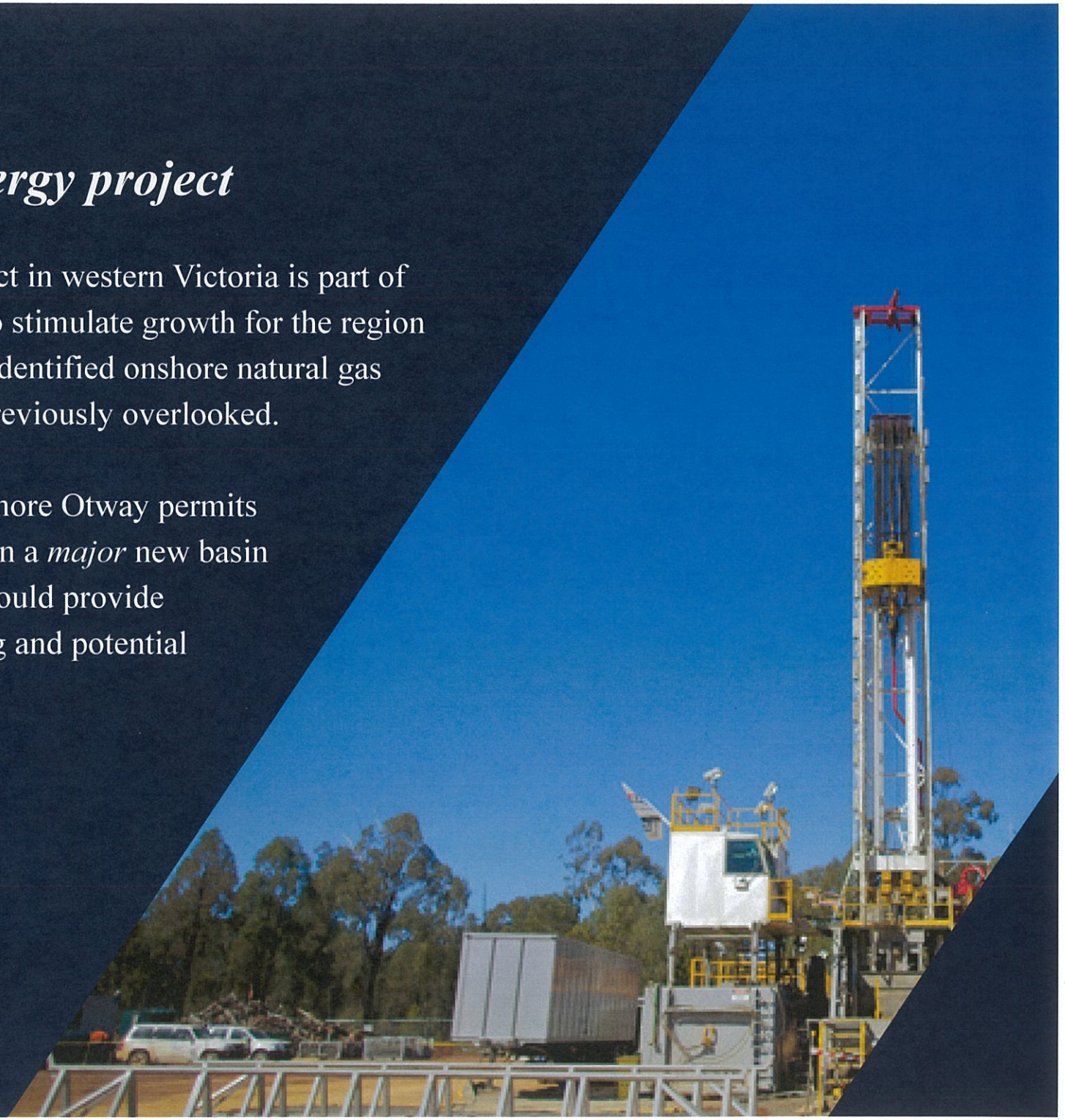
Signed Robert Annells
Chairman

The Portland energy project

The Portland Energy Project in western Victoria is part of Lakes Oil's new strategy to stimulate growth for the region based on supply of newly identified onshore natural gas resources that have been previously overlooked.

Lakes believes its new onshore Otway permits have the potential to contain a *major* new basin centred gas province that could provide energy to stimulate existing and potential new industries in the area.

see page 6 for map ▸



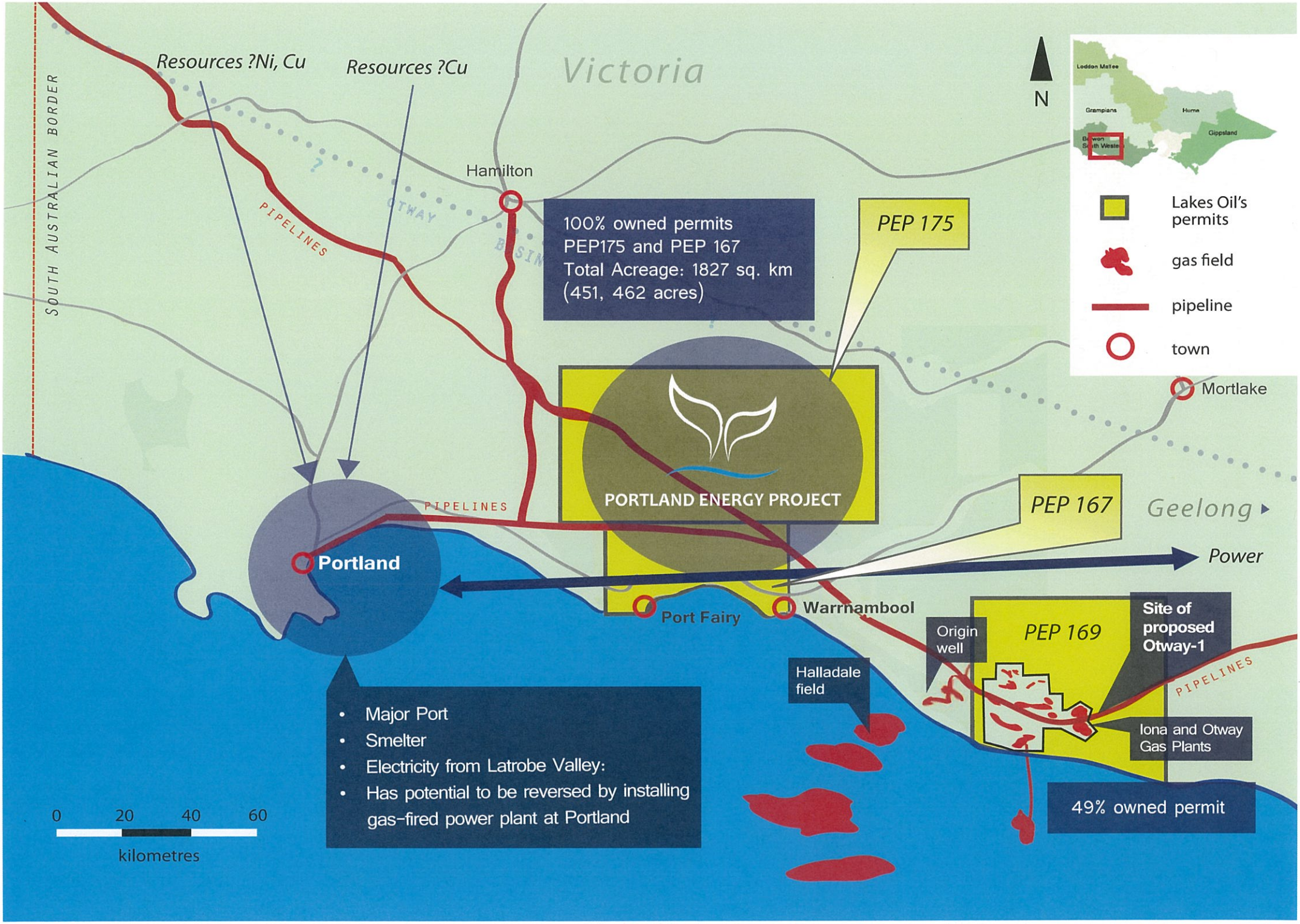
The resources are located in the western part of Victoria, which has recently been badly affected by drought and unemployment.

Lakes' permits (PEP 175 and PEP 167) are strategically located close to the deep port and smelter at Portland.

To further the case for potential economic development of a new major energy source, the onshore gas reserves in the region will be able to access existing pipelines that traverse the Lakes' permits.

This will have favourable ramifications for the entire region and provide an opportunity to develop Portland as a major centre for employment.

Importantly, because of the shallow nature of the gas, the cost of recovery will be *substantially less* than for existing offshore development.


Resources ?Ni, Cu
Resources ?Cu
Victoria
SOUTH AUSTRALIAN BORDER
PIPELINES
OTWAY BASIN
Hamilton
100% owned permits
PEP175 and PEP 167
Total Acreage: 1827 sq. km
(451, 462 acres)
PEP 175
N
Loddon Mallee
Grampians
Hume
Gippsland
Lakes Oil's permits
gas field
pipeline
town
Mortlake
PORTLAND ENERGY PROJECT
PEP 167
Geelong
Power
Portland
PIPELINES
Port Fairy
Warrnambool
Origin well
PEP 169
Site of proposed Otway-1
Halladale field
PIPELINES
Iona and Otway Gas Plants
49% owned permit
• Major Port
• Smelter
• Electricity from Latrobe Valley:
• Has potential to be reversed by installing gas-fired power plant at Portland
0 20 40 60
kilometres

The advantages of basin centred gas over shale gas and offshore gas development

Lakes Oil believes that the gas within the Eumeralla Formation can be successfully and economically recovered using new technologies.

Experience in the USA shows that these types of gas reservoirs are the most profitable after conventional gas.

Lakes' onshore development and drilling costs are *lower* than for shale gas and *significantly below* offshore costs.

In onshore Victoria, gas occurs at relatively shallow depths over a large area.

The Eumeralla Formation is a better reservoir than shale, with higher permeabilities and reservoir volumes.

easier and cheaper to produce

The location of Lakes' gas resources, near to markets and pipeline infrastructure, further enhance the economic potential of the resource.

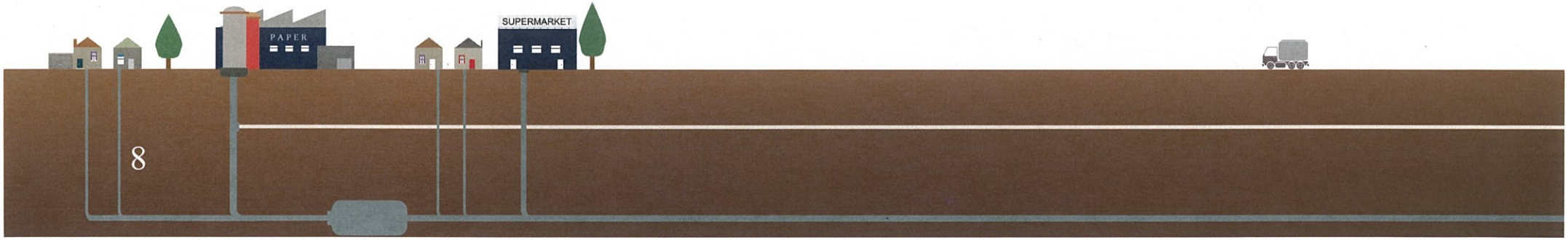
Gas overlooked

Lakes Oil estimates up to $100 million in today's value has been spent since 1962 on drilling wells and conducting seismic surveys across the 2 permits.

Previous exploration targeted conventional traps for oil and gas either above the Eumeralla Formation in the Waarre sandstone or below in the Pretty Hill sandstone. Previous explorers include Shell, CRA, Origin, Essential, Bass Strait and Phoenix.

The Waarre sandstone is the producing reservoir in the Port Campbell Embayment, and the Pretty Hill sandstone is the producing reservoir in the Penola Trough, South Australia.

All of the historic wells in the permits intersected the Eumeralla without testing it, as its potential was not recognised at the time, ***even though the gas saturation extends well over a 1000 metres in thickness in many of the wells.***



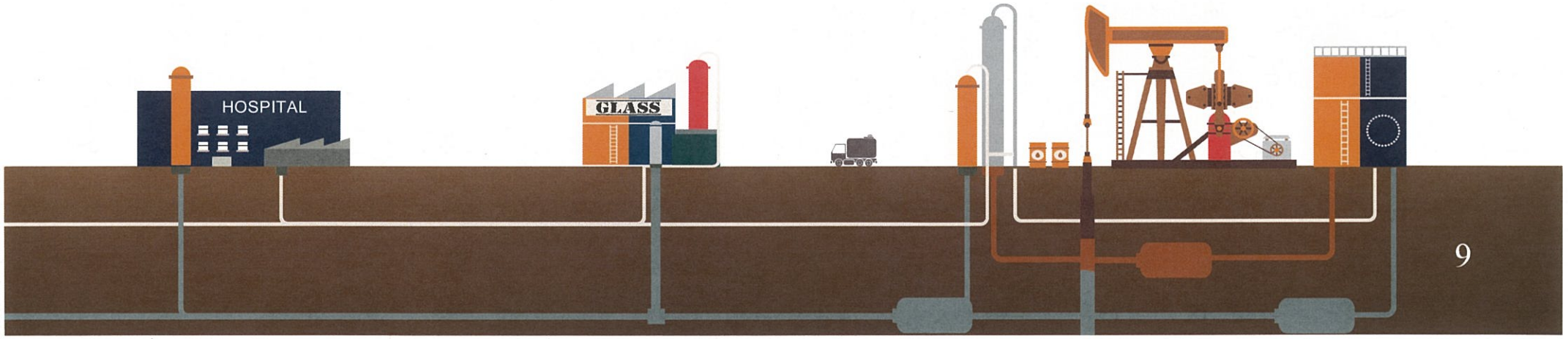
We believe the Eumeralla Formation can be economically produced by applying modern technologies across the permits, as has occurred in similar situations in the USA.

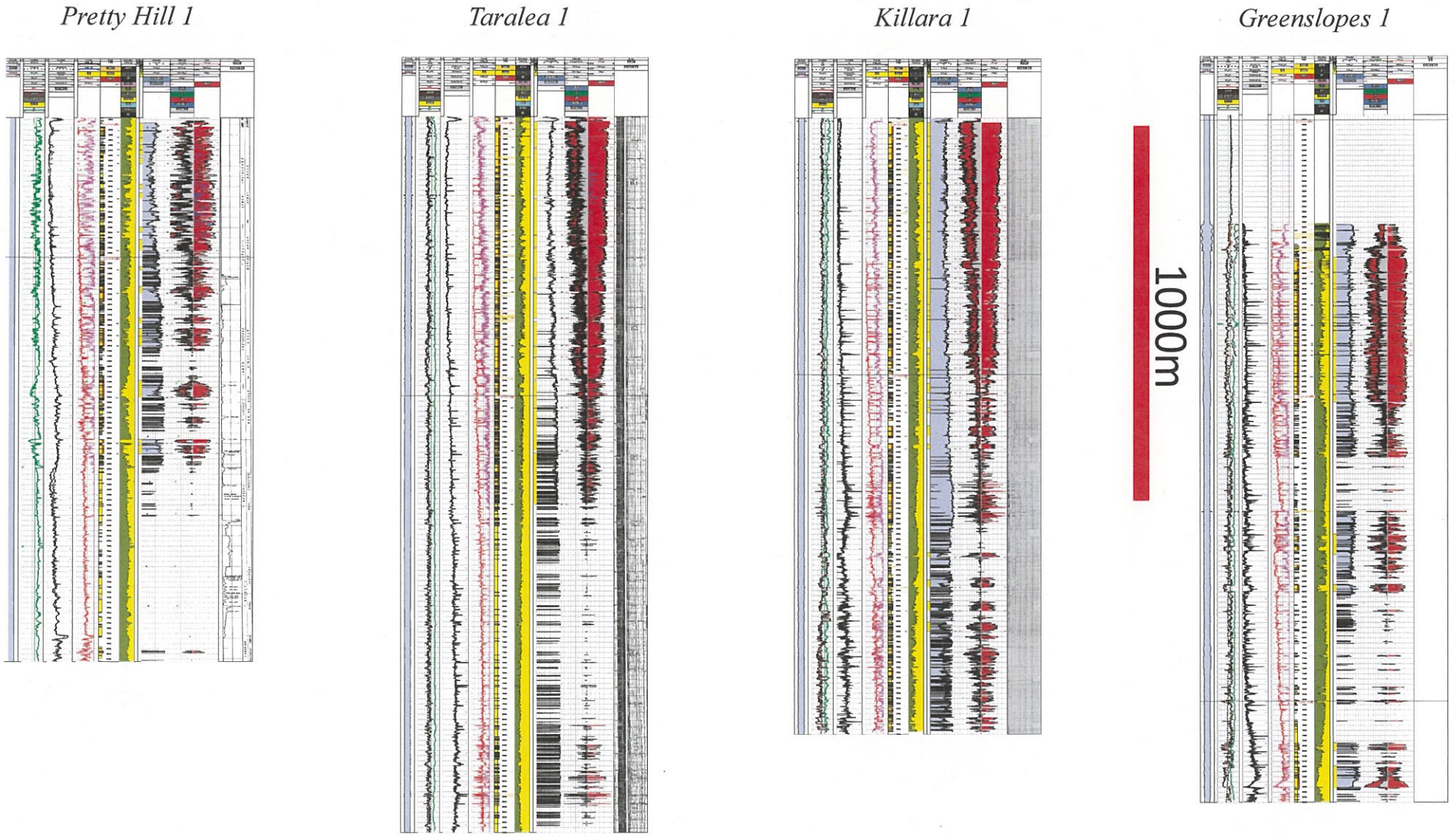
Red hot gas zones

The red gas zones shown in the re-interpreted well logs relating to the Eumeralla (commonly >1000m thick) were previously deemed too tight to test.

From independent evaluations that Lakes has commissioned to date, it is clear that the Eumeralla gas resources in the permits have the ability to hold extremely *large* quantities of gas. *see next page for log evaluations* ▸

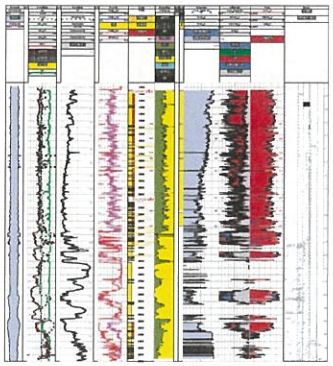
Lakes' objective now is to economically produce this resource using the latest technologies available.



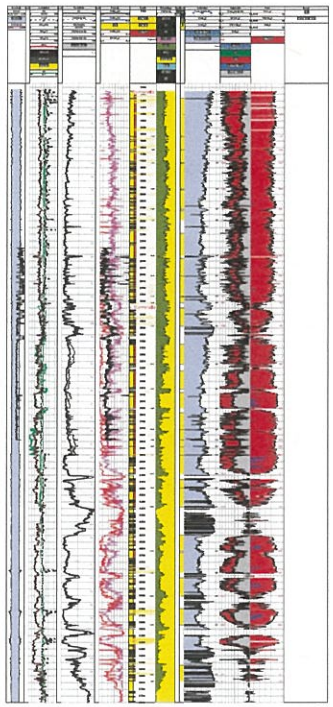


West-East cross section indicating gas (in red) within the Eumeralla Formation shown in re-interpreted well log evaluations across Lakes' PEP 175 permit

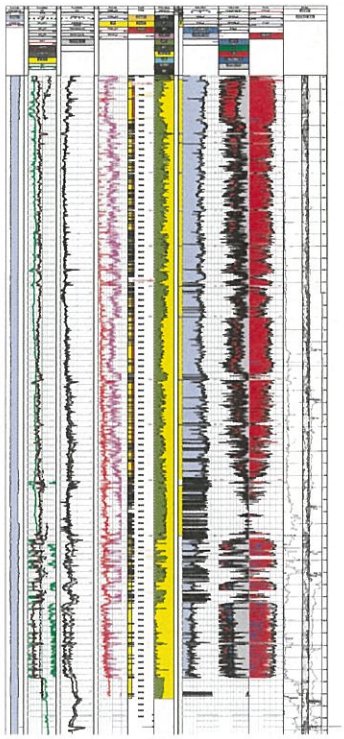
Moyne Falls 1

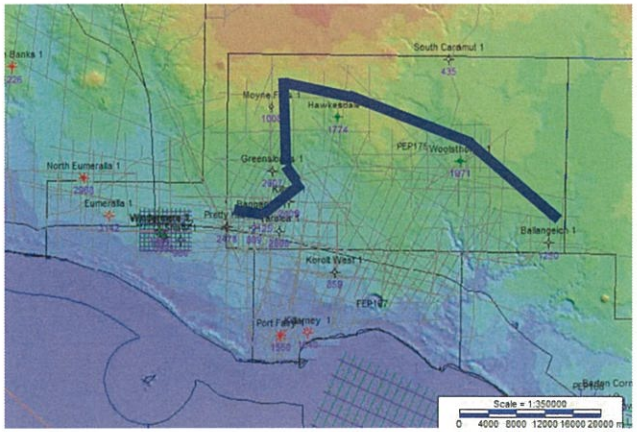


Hawkesdale 1



Woolsthorpe 1





above: location of cross section

Cross section interpretation by US gas specialist

This cross section is a re-interpretation by a US specialist of old well logs that indicate the presence of gas in all wells in the Eumeralla Fm from west to east across a distance of approx. 40 km and most with thicknesses greater than 1000 metres.

Gas is indicated in red.

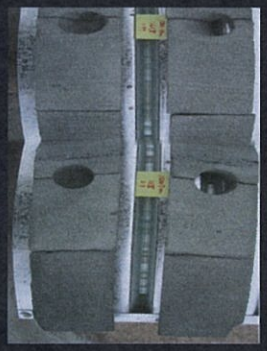
Environmentally friendly

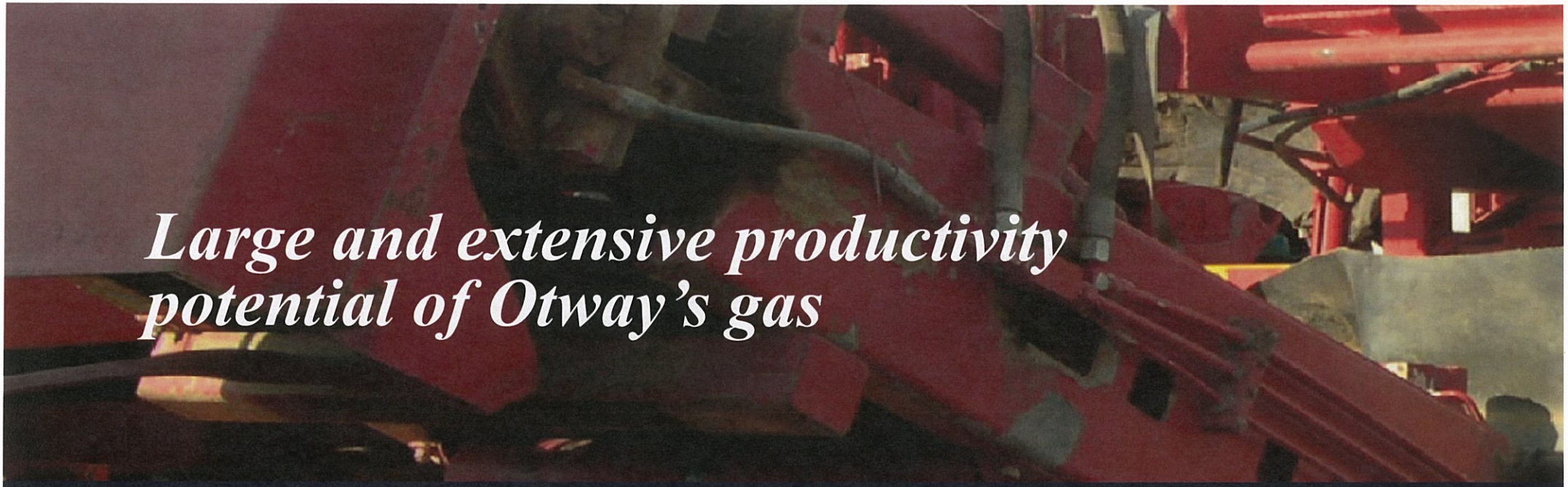
The Eumeralla Formation thickens southwards towards the coast and the thickest intersections in the wells are located in the south-west corner of PEP 175. It is both vertically and laterally very extensive across the two permits.

The Eumeralla Formation gas is much cleaner (<0.1% CO_2) than the gas produced from the onshore and offshore Waarre sandstone reservoirs (CO_2 up to 20%). The environmental footprint for a gas development is also much smaller than for other energy developments.

Comparison of gas reservoirs

Comparison of the reservoir rocks in the Eumeralla Formation and Strzelecki Group indicate that the reservoirs are equivalent in age, rock types and depositional environment.
Lakes' extensive knowledge of these reservoirs and gas plays puts it in an advantageous position to lead the way in developing its Otway Basin permits for the economic benefit of the State.

Otway Basin	*Gippsland Basin*
Eumeralla Formation	Strzelecki Group
Porosity ranges up to 31%	Porosity ranges up to 25%
Permeability ranges from 0.03 - 21 mD	Permeability ranges from 0.02 - 22 mD
	
WOOLSTHORPE-1 @ 1460 metres KB porosities up to 22.3%; perms: up to 21.0 mD	WOMBAT- 2 @ 1500 metres KB porosities 16% - 22%: perms: up to 22.0 mD



Large and extensive productivity potential of Otway's gas

Lakes Oil believes that the gas resource in PEPs 167 and 175, covering almost 500,000 acres, has the potential to become a major gas province that could become the new gas "sweet spot" of the Eumeralla Formation in the onshore Otway Basin.

Based on the existing well data, Lakes has obtained estimates from a US based specialist of the productivity potential for the undiscovered unconventional gas in the two permits.

In addition, a further independent report on the total undiscovered gas resource estimate for Lakes' new acreage is being conducted by leading gas experts. This work is based on re-evaluation of existing wells and seismic data across the two permits.

We believe there is a very large gas-initially-in-place (GIIP) resource within the thick and laterally extensive Eumeralla Formation and Lakes would only need to recover a small percentage of this estimate to have a major commercial development.

PEP 169 update proposed Otway-1 conventional well

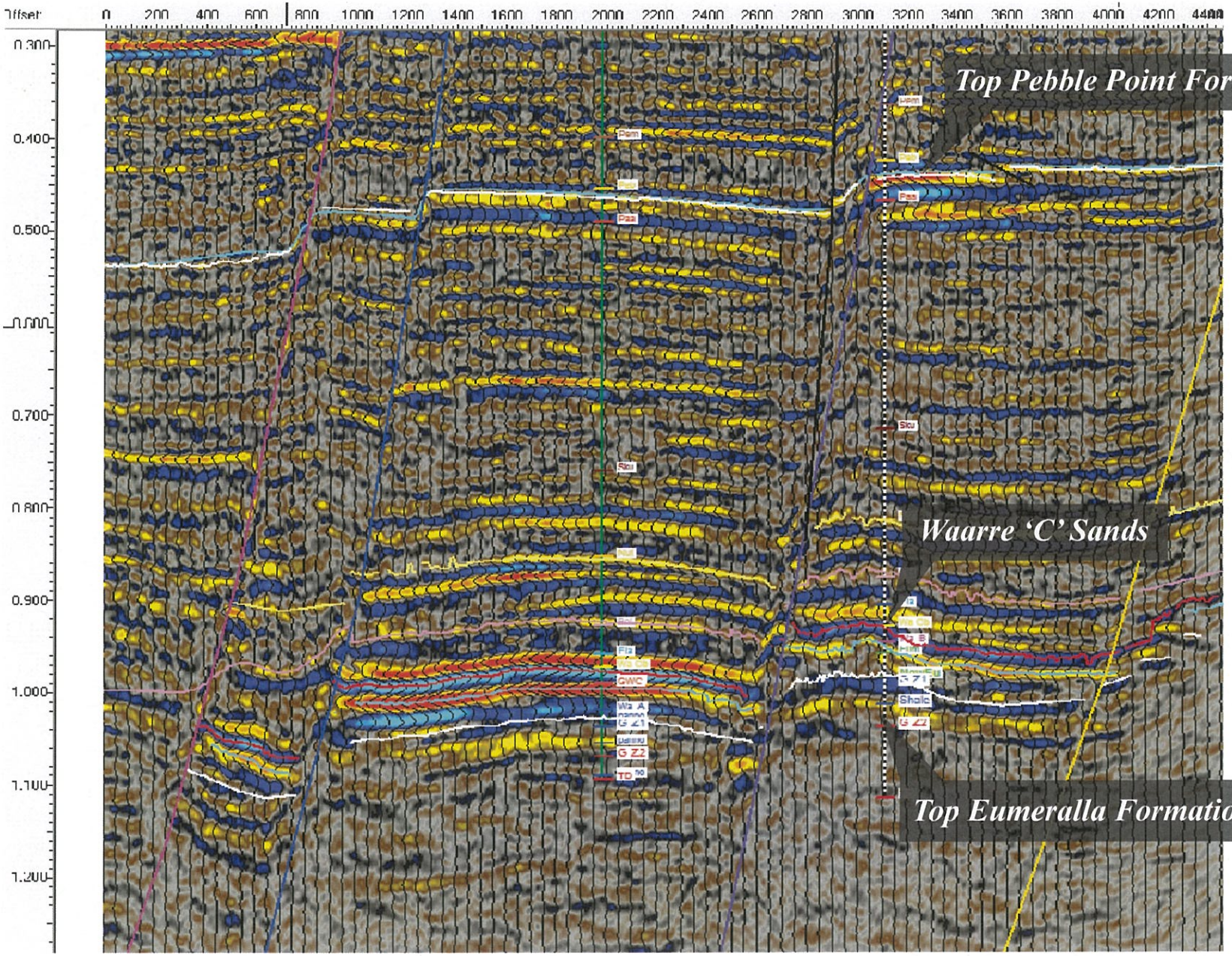
All drilling operations have been stalled awaiting written Ministerial approvals and lifting of the ban on onshore drilling in the State, even though this is a conventional well located next to an existing gas field. Lakes Oil is hopeful that the Government will see the fallacy of banning conventional drilling, which would allow your Company to go ahead with conventional opportunities while observing the ban on hydraulic stimulation.

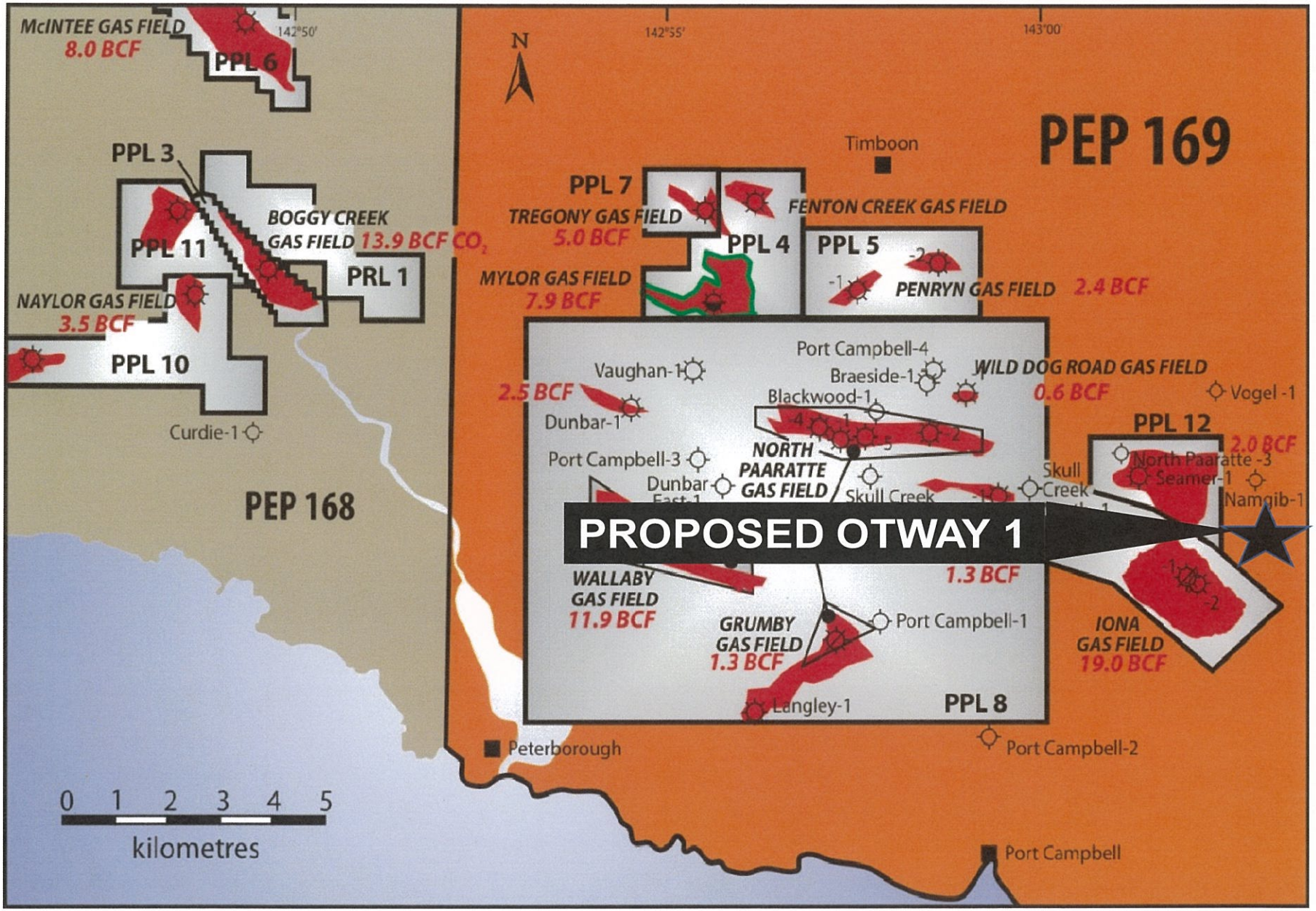
The Armour/Lakes proposed Otway-1 well will be located adjacent to and up-dip from the Iona Gas Field (see map) targeting three objectives in a tilted fault block with closures at three potential levels.

The primary target is the Waarre 'C' Sands, which is the producing reservoir in the neighbouring Iona gas field. The secondary targets are the Pebble Point Formation and the Eumeralla Formation.

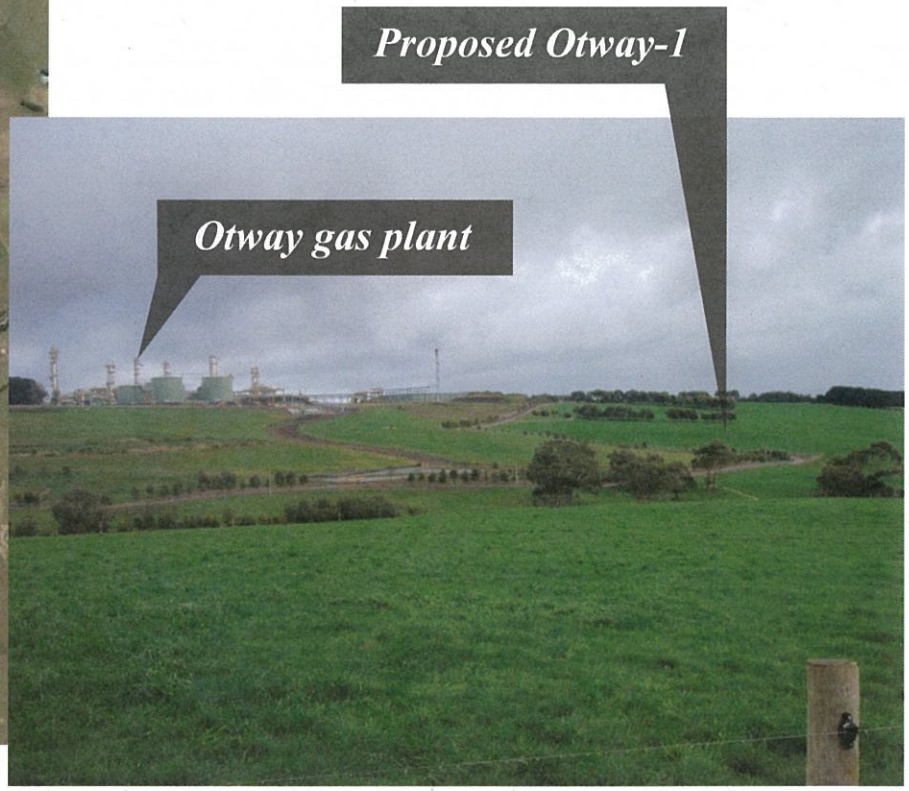
The well is planned as a vertical conventional structural test and will not be using hydraulic stimulation. Estimated total depth is 1500m.

The 3D seismic data indicates that there is an amplitude anomaly (bright spot) present at all three levels, which could indicate oil or gas.


Offset
0
200
400
600
800
1000
1200
1400
1600
1800
2000
2200
2400
2600
2800
3000
3200
3400
3600
3800
4000
4200
4400
0.300
0.400
0.500
0.600
0.700
0.800
0.900
1.000
1.100
1.200
Top Pebble Point Formation
Waarre 'C' Sands
Top Eumeralla Formation
Pem
Paa
Sku
Rpt
GWC
Shale
TD



Map of Proposed Otway 1 and surrounding fields



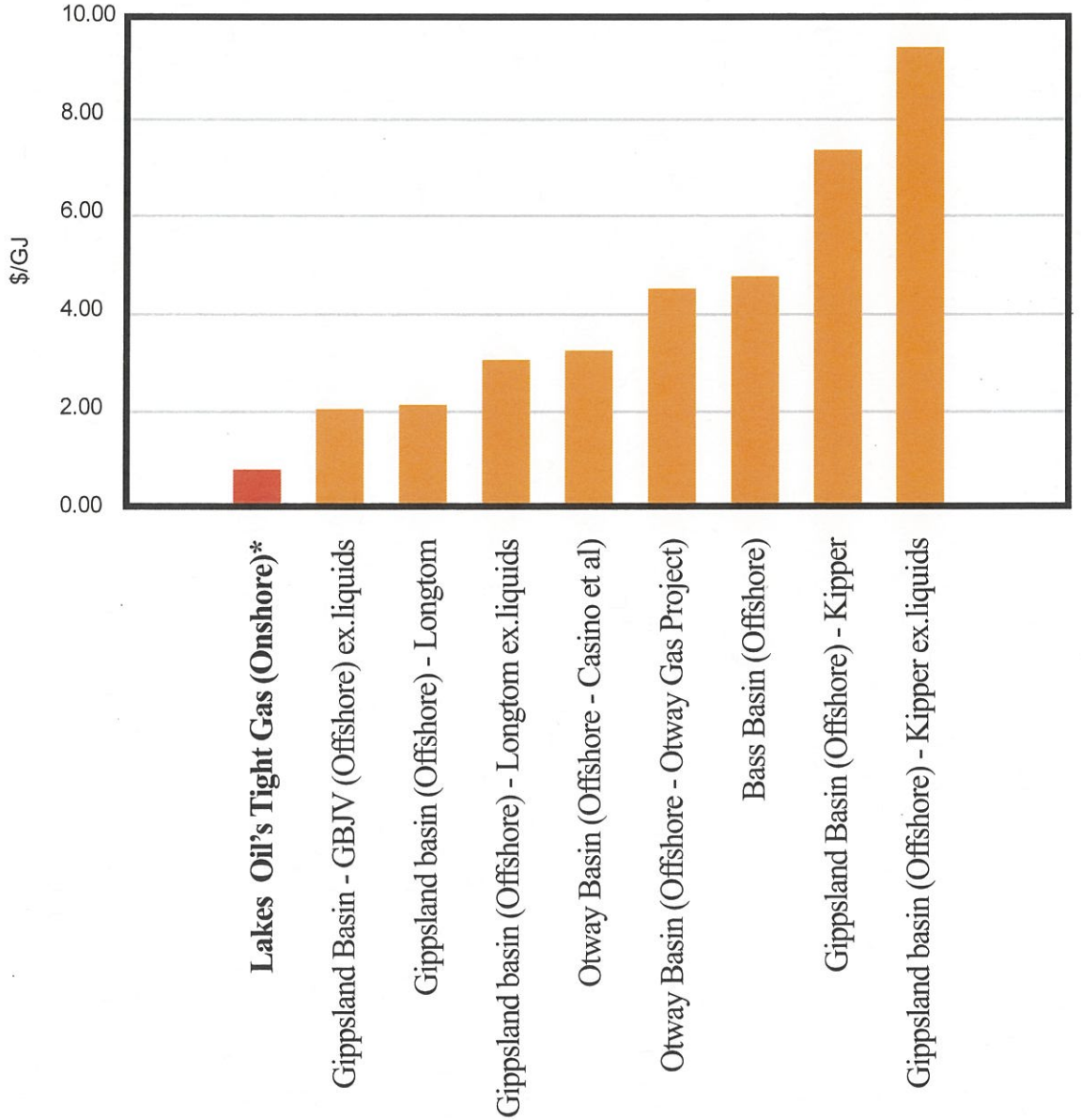
The Otway Prospect can be correlated to the Iona Field and mapped from 3D seismic to contain the Waarre 'C' Formation, the producing reservoir in the Iona Field.

Note: Due to the proximal location to the Iona Gas Facility, the flow of gas may not need to be large in order to be commercial *(see top left map)*.

offshore v onshore

Costs for offshore gas production
in Victoria are up to
5 times higher than for
onshore production.

Figure: Typical production costs for Australian gas resources in 2012 (Souce: AEMO)



** based on Lakes' drilling and development estimates*

LAKES OIL N.L.

Please forward all queries regarding this information to:

Lakes Oil N.L.
PO Box 300
Collins Street West
Victoria, 8007

Phone | 03 9629 1566
Email | lakes@lakesoil.com.au
Website | www.lakesoil.com.au