



A.C.N. 004 247 214

Lakes Oil N.L.

**ASX
Announcement and
Media Release
2 December 2019**

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Lakes Oil NL ASX Announcement

Nangwarry-1 Exploration Well Update

Highlights:

- *Nangwarry-1 exploration well spudded on 1 December.*
- *Well targets two gas reservoirs with best estimate gross prospective resource of 28.5 Bcf (net to Lakes Oil).*
- *Well drilling forecast to take 45 days.*

Lakes Oil NL (**Lakes Oil** or **Company**) (ASX: LKO) is pleased to advise that drilling of the Nangwarry-1 exploration well commenced yesterday, 1 December.

The Nangwarry-1 well is located within Petroleum Exploration Licence (PEL) 155 in the South Australian portion of the onshore Otway Basin, about 10 kilometres south of Katnook, and is a 50:50 joint venture between Otway Energy Pty Ltd (a subsidiary of Lakes Oil) and Vintage Energy Pty Ltd.

The Nangwarry-1 well is targeting two prospective gas reservoirs, the Pretty Hill Sandstone at around 2,993 meters measured depth (mMD) and the Sawpit Sandstone at around 4,094 mMD. The well is being drilled by Easternwell Group's state of the art Rig 106. It is anticipated that it will take 45 days to reach the well's total measured depth of 4,265 metres.

The best estimate gross prospective resource¹ of the Nangwarry prospect is 28.5 Bcf net to Lakes Oil. Gas produced from Nangwarry can be expedited to market given the well's close proximity to infrastructure and the acute gas undersupply problems being experienced, and forecast to continue, in southeastern Australia.

The Nangwarry-1 well is being partially funded through a \$4.95 million grant under the South Australian Government's Petroleum Accelerated Exploration (PACE) program. In accordance with PACE grant conditions, the PEL 155 joint venture will strive to commence supply of gas to South Australian gas user(s) by the end of 2020.

Mr Nick Mather, Director of Lakes Oil, said "Spudding of the Nangwarry-1 well is significant in terms of both the potential value to be realised by the PEL 155 joint venture and as a demonstration of the potential of Lakes Oil's Victorian Otway tenements, which target formations analogous to those at Nangwarry".

Yours faithfully,

Nick Mather

Director

Lakes Oil NL

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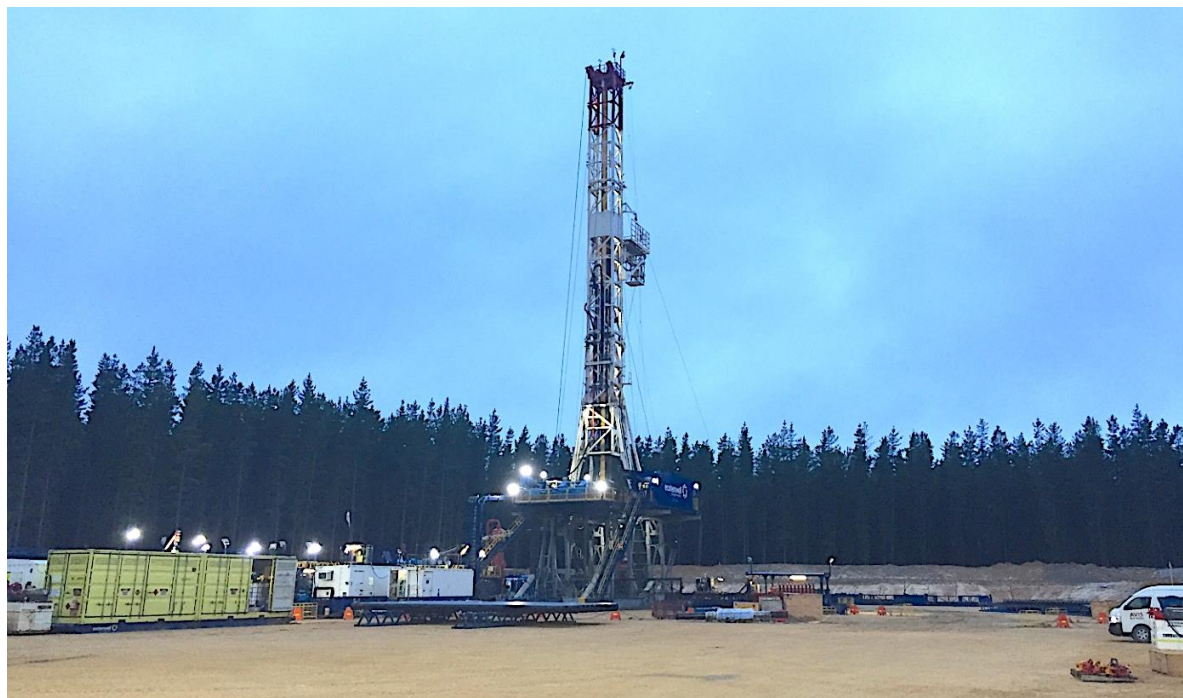
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Easternwell Rig 106 On-site at Nangwarry, 1 December 2019

Note:

¹The estimate is in accordance with the Petroleum Resources Management System (SPE, 2007) and Guidelines for Application of the PRMS (SPE, 2011). Probabilistic methods were used. Sales gas recovery and shrinkage have been applied to the Prospective Resource estimation. The losses include those from the field use, as well as fuel and flare gas. Volumes have shrinkage applied to correct for estimated inert gases and liquid dropout. This is detailed below.

Prospective and Contingent Resources:

With respect to the Prospective Resource estimate contained in this ASX release, the estimated quantity of petroleum that may potentially be recovered by the application of future development projects relates to undiscovered accumulations. The estimate has both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) approved by the Board of the Society of Petroleum Engineers in 2007.

Reserves Evaluators:

RISC Advisory Pty Ltd – Nangwarry Prospect Prospective Resource Assessment

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assessment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years. Preparation of the assessment was supervised by Mr. Ian Cockerill, RISC Head of Geoscience. Mr. Cockerill has 20 years' experience in the upstream hydrocarbon industry with Hunt Oil, Apache Energy and RISC. He is a member of the American Association of Petroleum Geologists, the Geological Society of London and the Petroleum Exploration Society of Australia. He has extensive experience with mature and greenfield oil, gas, gas-condensate and unconventional developments in North America, Europe, Africa, Middle East, South East Asia and Australasia. Mr. Cockerill holds an MSc in Basin Evolution and Dynamics from Royal Holloway College, University of London, 1999 as well as a BSc in Geological Sciences (First (Hons)) from Leeds University, 1996. Mr. Cockerill is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules.

