



A.C.N. 004 247 214

Lakes Oil N.L.

(LKO)

**ASX
Announcement
And Media
Release
20 December 2012**

www.lakesoil.com.au

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



LAKES OIL NL

LAKES OIL SPUDS-IN YALLOURN POWER -1: ITS 3RD WELL IN 8 MONTHS IN VICTORIA

Lakes Oil NL (ASX:LKO) advises that its onshore Yallourn Power 1 stratigraphic corehole in PEP 166 was spudded-in today. This corehole is located near the Yallourn power station Gippsland Basin.

Objectives:

- To drill a stratigraphic corehole to a depth of approximately 1200m -1500m to confirm the presence and thickness of very rich carbonaceous sequence of shales, coals, siltstones and sandstones (Rintouls Creek Formation) which contained oil in the previously drilled well at Yallourn North 1A .
- To further test the lateral extent and thickness and source rock potential of the Rintouls Creek Formation (which may have the potential to contain oil-bearing source rock) at deeper locations in the central onshore Gippsland Basin.
- To continuously core through the basal Strzelecki Group, Rintouls Creek Formation and into basement.

Lakes Oil views this well as a potential game changer in the understanding of the petroleum geology of the Gippsland Basin, as it could confirm Lakes' belief that it is possible to recover oil from carbonaceous rocks in the onshore Gippsland Basin.

- **In the USA, oil is currently being produced from similar source rocks and shales and is dramatically changing the economics of the energy market there.**

Note: This corehole is being drilled under the JV between Lakes Oil and Armour Energy on a 75%:25% basis.

Attachment: Geochemical oil signatures of oil shows occurring in Lakes' permits PRL2 and PEP 166 compared with published signature of Esso/BHP's Dolphin 1.

ROBERT ANNELLS

Chairman

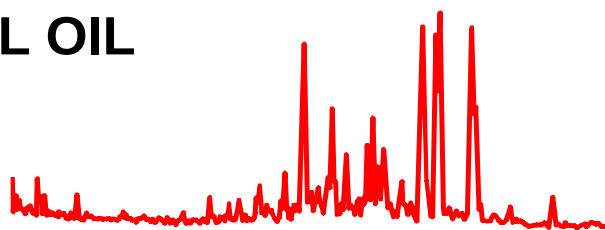
Mob: 0416 130 740 | Ph: (03) 9629 1566

INGRID CAMPBELL

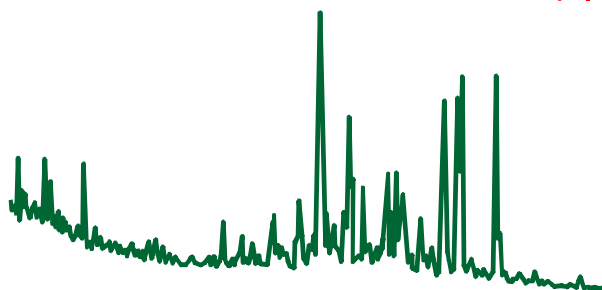
Chief Geologist

GEOCHEMICAL OIL SIGNATURES:

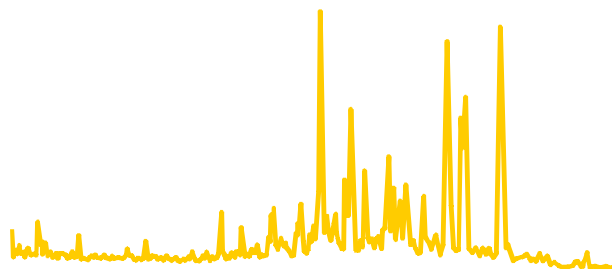
Onshore
and offshore
Gippsland Basin



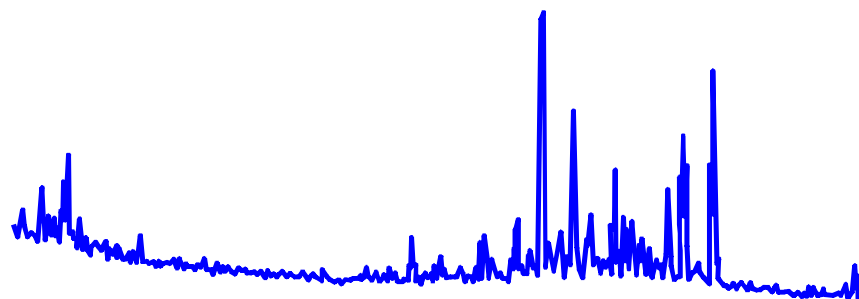
LKO Yallourn North 1



LKO Wombat 3 Oil



LKO Boundary Creek 2



Esso/BHP Dolphin 1