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Lakes Oil N.L.

**ASX
Announcement and
Media Release
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**Lakes Oil N.L.
ASX Announcement**

Onshore Conventional Petroleum Exploration in Victoria

Highlights:

- *Victorian moratorium on conventional onshore petroleum exploration expires on 30 June 2020.*
- *Lakes Oil has prospects ready for drilling, including the conventional Wombat-5 well.*
- *Wombat-5 well will aim to commercialise a known gas resource with prospect of supplying 10% of Victorian gas demand.*
- *Lakes Oil is encouraged by Australian Government moves to promote development of southeastern Australian onshore gas resources.*

In order to ensure shareholders are fully informed regarding petroleum exploration activity in Victoria, Lakes Oil N.L. (**Lakes Oil** or **Company**; ASX:LKO) is pleased to provide the following information.

The present Victorian onshore petroleum exploration moratorium was put in place through legislation passed by Victorian Parliament in 2017. In accordance with that legislation, the moratorium will expire on 30 June 2020 and conventional petroleum exploration activity will be allowed to resume.

Lakes Oil has several projects ready for quick implementation including the Wombat Gasfield, a contingent gas resource that has been independently certified to exist. Information regarding the Wombat Gasfield is attached. Together with the adjacent Trifon/Gangell Gasfield, the Wombat project has potential to supply 10% of Victorian gas demand.

The Company is encouraged by the Australian Government's promotion of the need for southeastern Australia's onshore gas resources to be utilised to support industry and to assist with the Country's transition to renewable energy. On 31 January 2020 the Australian Government announced a \$2 billion arrangement with the NSW Government aimed specifically at bringing 70 PJ per annum of NSW gas to market.

For and on behalf of the Board of Directors and for further information.

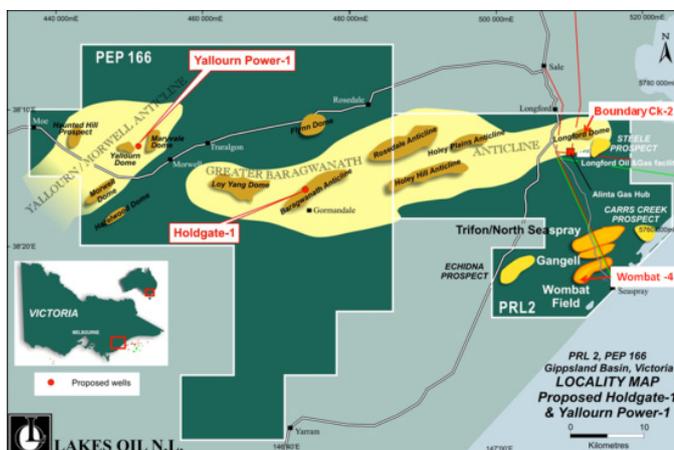
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Lakes Oil N.L. Wombat Gasfield

Background

The Wombat Gasfield is located within PRL2, onshore in the Gippsland area. It is Lakes Oil's most progressed development, with four exploration wells historically completed and with independently certified gas resources in place.

The Wombat project targets the massive Strzelecki Formation, from which gas can be produced by conventional means (ie, without need for reservoir stimulation).



Using known data from historic drilling, Lakes Oil's next proposed well, Wombat-5, has been specially designed to demonstrate that the gas already shown to exist can be commercially produced. The Wombat-5 well will be of conventional design, drilled laterally through the target formation. Lakes Oil will drill the well as soon as approval can be secured.

Potential

The resource potential of the Wombat Gasfield has been independently assessed by Gafney Cline and Associates (**GCA**), a global consulting group. GCA estimates the Wombat gasfield contains a contingent recoverable gas resource of 329 Bscf at the 50% probability level, of which around 250 Bscf is recoverable by conventional means. The Trifon and Gangell Gasfields (north of Wombat) have further, conventional potential of around 280 Bscf (based upon GCA estimate).

GCA's modelling of the Wombat-5 well, prepared using known data, indicates the well should produce around 10 TJ/d.

The overall potential of the Wombat, Trifon and Gangell Gasfields is of the order of 20 PJ/a, equivalent to 10% of Victoria's gas demand.

Timing

Planning for the Wombat-5 well was completed in 2012, prior to introduction of the present onshore gas exploration moratorium. The well can be drilled at short notice.

If the production potential of the Strzelecki Formation is proven, gas processing and compression facilities will need to be installed to deliver gas to market. Establishment of this infrastructure will take around 18 months, at a cost of the order of \$50m. Up to 12 additional gas wells (drilled from just three well sites) would also need to be drilled over the life of the project to deliver 20 PJ/a of gas to Victorian households and industry.