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Lakes Oil N.L.

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Announcement
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www.lakesoil.com.au

Registered Office:
Level 14,
500 Collins Street
Melbourne Vic 3000
Ph: +61 3 9629 1566



LAKES OIL NL

Navgas Pty Ltd Acquisition Completed

The Board of Directors of Lakes Oil NL (**Lakes Oil** or **Company**, ASX: LKO) is pleased to advise that the Company's acquisition of Navgas Pty Ltd was completed on 18 January 2017, following receipt of Shareholder approval at the Company's Annual General Meeting on 16 January 2017.

In consideration for the acquisition of Navgas, a total of 9.6 billion fully paid ordinary shares in Lakes Oil were issued to Dark Horse Resources NL and two individuals.

Through the acquisition of Navgas, Lakes Oil has gained 100% ownership of highly prospective petroleum exploration acreage in Queensland and South Australia. The Company intends to expedite exploration activity within this acreage, particularly through drilling of the largest and most prospective of identified leads within ATP 1183 (Queensland). As illustrated in Figure 1, these are:

- The Wellesley Prospect, a fault-bound, three-way dip closure located to the south of the productive Kincora gas field and covering about 4.4 km². A well will be drilled to around 1,650 metres depth to test the updip potential of the Boxville Sands, which exhibited elevated gas levels and very good porosity in the historic (1979) Wellesley-1 well that was drilled on the edge of structural closure and was untested.
- The Major East Lead, a four way dip closure lying to the east of the existing Major gas field. A well of approximately 1,850 metres depth will be drilled to test the Showgrounds Sandstone, which is the productive formation in surrounding fields.

In addition to the above, subject to further technical review and funding, it is envisaged two historic wells may be re-entered to target oil pay zones that were overlooked or not properly tested when the wells were drilled, owing to erroneous depth correlations between logging, drilling and testing activities.

Within the Company's South Australian licence application areas, illustrated in Figure 2, the potential for oil production to the north of Wilkatana, in an area of closure associated with the Torrens Hinge Zone, and the potential for production of gas from the Tindelpina Shale, which has been demonstrated to contain gas, are of immediate interest. Neither of these prospects has been explored using modern techniques.

Roland Sleeman, Chief Executive of Lake Oil, commented that "*Acquisition of the highly prospective Navgas exploration acreage completes an important step toward reinvention of Lakes Oil. Following years of frustration in its home state of Victoria, as a damaging consequence of unprecedented state Government bans, the Company can now to get back to its core business of exploration*".

For further information please contact:

Mr Chris Tonkin, Chairman, +61 (0)412 110 955

Mr Roland Sleeman, Chief Executive Officer, +61 (0)412 691 365

or please visit our website www.lakesoil.com.au

Figure 1: ATP 1183 (Queensland), Showing Foremost Prospects

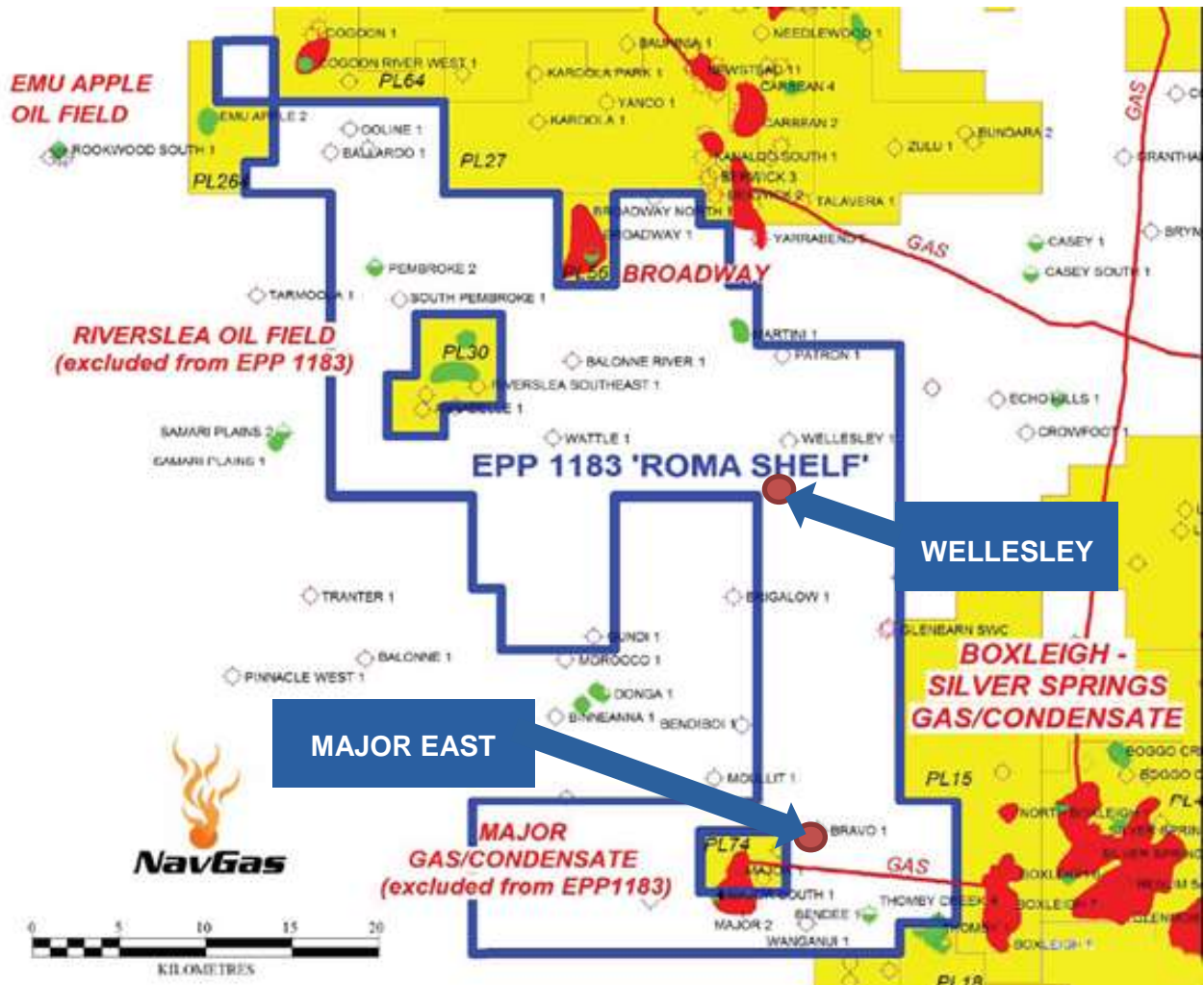


Figure 2: South Australian Exploration Acreage

