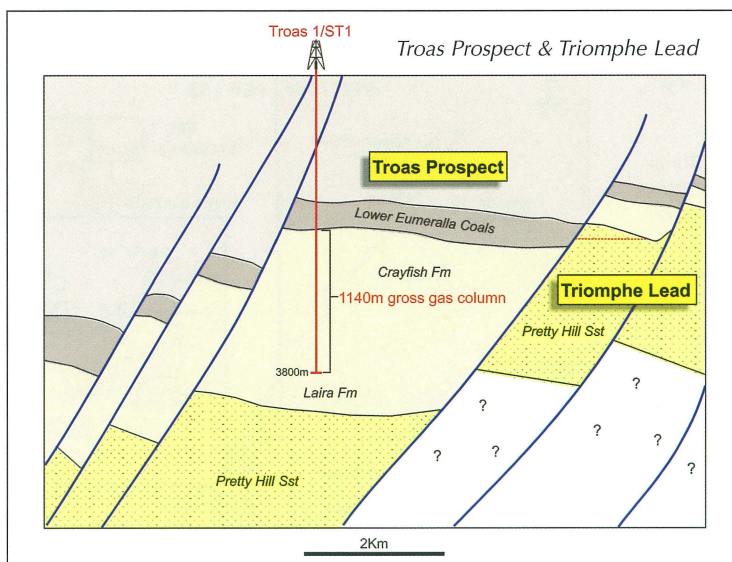


Lakes Confident Of Troas Gas

With interests in seven permits across both onshore and offshore, the Otway Basin remains a core component of Lakes Oil NL's exploration portfolio. In recent times, much of the company's focus has been directed towards their interest in offshore South Australian permit EPP 24.

EPP 24 contains the Troas structure, a large tilted fault block located approximately 20 km offshore. Troas 1, drilled by a joint venture of BHP and Origin Energy in 1992, encountered gas shows



over an 1100 m gross interval within the Early Cretaceous Crayfish Group fluvial sandstones. The shows were still evident at total depth but the well was never tested. The underlying Pretty Hill Sandstone interval, which is the major reservoir within the onshore Otway Basin gas fields in the Katnook area, was never intersected in Troas 1.

Lakes Oil is now sole owner of the 1,949 km² permit and, following a recent review of the Troas structure and reprocessing of seismic, is currently under-taking a farmout programme in an attempt to attract partners in drilling Troas-2, planned for May 2002.

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Troas 2 will deepen the existing Troas 1 well, targeting the deeper Pretty Hill Formation sands, as well as intersecting the Crayfish Formation sands found to be gas bearing in the original well. Gas-in-place in the Troas Crayfish Formation is estimated to be between 200 and 600 Bcf, with the potential for up to 700 Bcf of additional gas-in-place within the Pretty Hill Formation target.

Jack Mulready, Lakes' Technical Consultant, said that the proposed Port Campbell to Adelaide gas pipeline linking Melbourne and Adelaide, will provide an economic stimulus for pressing ahead with development of any gas discovery at Troas.

The recent interpretation of seismic in the Troas area also identified a large Pretty Hill Formation target in the adjacent fault block, named Triomphe, which would provide a follow up target in the event of success with Troas 2.

"Within Triomphe the target depth is much shallower, but the potential size is significant, with unrisks gas in place estimates ranging up to 2200 Bcf, and a most likely value of 1000 Bcf, should gas be present. Actual recovery of gas will depend on factors such as carbon dioxide content, permeability and water saturation, which can only be estimated at this stage, but should be of order 60-70%", Mulready said.

Further components of Lakes Oil's Otway portfolio are an 11.5% interest in PEP 152 in onshore western Victoria, a 40% interest in PEL 57 and a 7.5% interest in PEL 72. Both permits are situated in onshore South Australia and all three are operated by Origin Energy.

