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Annual Report 2010

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COVER

'Beenup'

'Beenup' aboriginal for 'digging place' has been created from inspiration and knowledge gained from a meeting with Rob Annells of Lakes Oil. The influence came from understanding what Lakes Oil Exploration work involved and how the geologists reported on the land from deep below the surface.

The artwork displays the layers of land deep within the earth (bottom) with the faint lines of energy working their way up to the surface. The white dots represent spirit protection between the layers and above them is the active energy (spikes of colours) in the middle section. The top half is milky way and spirit looking down which is dedicated to the traditional animals of Australia; the emu (mother earth); the kangaroo (landscape/carver of the land) whom are protecting the goanna (journey); turtle (love); cod (food) and platypus (old wisdom) that have survived so long on this ancient land.

Signature: *YARRAMUNCA*





Dear Shareholder

The highlight of our year has undoubtedly been the farm-in by Beach Energy Ltd in our PRL 2 block.

In August Lakes Oil N.L (LKO) and Beach Energy Limited (Beach) signed an unconditional \$50 million agreement to further test the gas potential of the onshore Gippsland Basin, in Eastern Victoria. Beach's financial commitment is based on matching LKO's expenditure in PRL2 to date estimated at \$50 million.

The contract between the two companies follows due diligence and is subject to regulatory approval from the Victorian State Government. The agreement provides Beach with the opportunity to extend the flows of LKO's discovered unconventional "tight" gas reservoirs and to develop technology proven in the U.S.

The basis of the current agreement is on a two stage entry by Beach;

Stage one

Beach will fund 100 per cent cost of the flow and fracture tests in Wombat 4 and Boundary Creek 2 wells which have been drilled and cased ready for "fracking" by Lakes Oil together with the re-entry and evaluation of the oil zone encountered in Wombat-3. Beach can earn up to 15 per cent interest in PRL2 by expenditure of \$10 million in Stage one. Should the expenditure not reach \$10 million the amount earned by Beach in PRL2 will be reduced pro-rata to the nearest percentage point.

Stage two

Any monies not spent in Stage one can be carried over into Stage two. Stage two enables Beach at this point to increase its interest in PRL2 to a maximum of 50 per cent by the expenditure of up to a further \$40 million, plus the balance of Stage one. Again, in Stage two, should expenditure not reach \$40 million, then the interest earned will reduce proportionately.

Review of Past Year's Activities

Wombat-4

During the year we drilled Wombat-4 which was significant as it was the first well ever drilled onshore Gippsland based on 3D Seismic. The well was designed to test the Strzelecki tight gas reservoirs updip some 1.5kms to the south-west of Wombat-2.

The Wombat-4 well was completed as a successful tight gas discovery well. The well reached a total depth of 2,500 metres KB on 12th November 2009 and was later plugged and completed as a tight gas discovery well after wireline logging and drill stem testing was completed. Both the Tertiary Latrobe Group and Cretaceous targets were intersected close to prediction based on the 3D seismic interpretation and both target sections were hydrocarbon-saturated.

Four drill stem tests (DSTs) were conducted in the Strzelecki Group across the following intervals selected from log evaluation: 1383-1478m; 1828-1838m; 1381-1406m; 1451-1476m. All zones flowed gas to surface at indeterminate flow rates, confirming the presence of gas and the tight nature of the reservoir.

The Company is pleased with these DST results, particularly that gas flows were produced from tight Strzelecki reservoirs, which are aided by the presence of natural fractures providing pathways for mobility of fluids and gases.

Twenty-seven prospective gas zones have been interpreted in the Strzelecki Group by US consultants that give an estimated total production of 8.8 million cubic feet/day if all zones were to be fracture stimulated.

It is this well which Beach Energy intends to re-enter and fracture stimulate several of the best zones later in the year, or early next year, pending equipment availability and the necessary approvals.

Three closed hole drill stem tests (CHDSTs) were conducted in the Latrobe Group over the following intervals: 1123-1126m;

Chairman's Report (cont.)

1171-1174m; 1109-1112m. All three test intervals flowed small amounts of gas/wet gas to the surface at indeterminate flow rates. These tests in the Latrobe Group show that hydrocarbons are clearly present in the onshore equivalents of the offshore producing fields in Bass Strait.

Farmin Agreement – Latrobe Fuels Limited – PEP 166, Gippsland Basin

Lakes Oil (through its fully owned subsidiary Petro Tech Pty Ltd) has signed a farmin and operating agreement with Latrobe Fuels Limited over a discrete area near Gormandale in Permit 166, onshore Gippsland Basin.

Under the terms of the agreement, Latrobe is required to drill, at its own cost, up to two wells to a total depth of 2,000 metres, or basement, whichever is reached first. Latrobe may acquire up to a 50% interest in the designated block. Drilling of the first well must commence by 31 December 2010.

Lakes Oil successfully recovered gas in its nearby Loy Yang 2 well drilled in 2005/06, and the same Strzelecki tight gas sands will be targeted in these joint venture wells.

Wombat Field Evaluation Post Wombat-4 Drilling

The Company commissioned Gaffney, Cline & Associates, international independent petroleum consultants, to update the contingent resource estimates for the Wombat Field based on the drilling results from Wombat-4. The revised update took into account all the well logging and testing results for Wombat-4 as well as fracture stimulation modelling by our US tight gas experts. The updated P50 estimate of gas initially in place (GIIP) in the Wombat Field is now 787 Bscf. It was previously estimated at 700 Bscf (2008).

Otway Basin

Due to lack of a suitable drilling rig the wells planned for 2009/10 were delayed.

Application has been made to the DPI in Victoria to defer these wells into the current year and we are currently awaiting their approval.

It is envisaged these wells will be drilled in the first half of 2011.

Eagle Oil Development Project, California

Lakes Oil's long-standing interest in the Mary Belocchi/Eagle Oil Development Project in California has been re-kindled by recent oil discoveries in the area. Lakes has a minor interest in the joint venture and we have agreed to participate in the acquisition of a 3D seismic survey in the coming year. The joint venturers believe that new 3D coverage will provide better resolution of structuring at depth. Mary Belocchi-1 was drilled in 1986 and flowed oil at an initial rate of 223 barrels of oil per day and 0.9 million cubic feet of gas per day.

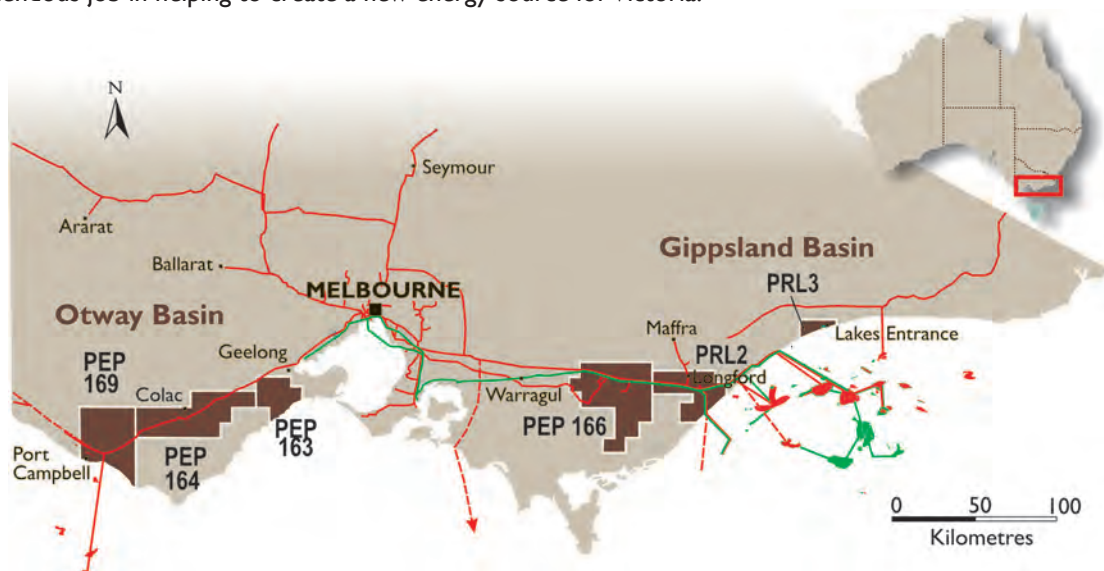
Associate Company – Greenerth Energy Limited

Lakes Oil holds a significant stake in Greenerth Energy Limited. Greenerth is moving ahead with its 'proof of concept' well in the greater Geelong area. The well pre-qualifies for federal government assistance and Greenerth Energy has been granted by the Victorian Government \$25 million and the Federal Government \$7 million.

Staff

During the year we welcomed a new Company Secretary, Mr Leslie Smith and we would like to thank Mr Raymond South for the years he spent with the Company and the great job he did for us in the Company Secretarial role.

I would also like to thank all of our staff a "tight knit" group for their tremendous effort over the year. When you are at the "pointy end" of technology, ie, tight gas, it is easy for those that do not fully understand what we are doing to be critical. Our staff have done a tremendous job in helping to create a new energy source for Victoria.





From left to right - R.J. Annells, B.I. Berold, P.B. Lawrence and J.H.Y. Syme

The Directors present their report together with the financial report of the consolidated entity consisting of Lakes Oil N.L. and the entities it controlled, for the financial year ended 30 June 2010 and Auditors Report thereon. This Financial Report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

Directors

The names and details of the Directors in office during the financial year and until the date of this Report are set out below. The directors have been in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities;

Robert J. Annells CPA, F.Fin (Executive Chairman)

Mr. Annells is a former member of the Australian Stock Exchange with over forty years experience in the securities industry and is a qualified accountant. His experience includes provision of corporate and investment advice to the business and resources industries. Mr Annells has served on the Lakes Oil N.L. board since 1984. During the past three years Mr. Annells has also served on the boards of ASX listed Minotaur Exploration Limited, Greenerth Energy Limited and Rum Jungle Uranium Limited and the London based company Xtract Energy PLC. Mr. Annells served as the Chairman of Minotaur Exploration Limited from its listing in February 2005 until his retirement from the Board in February 2010. He was appointed Chairman of Greenerth Energy Limited in July 2010.

Barney I. Berold BCom, MBA. (Non Executive Director)

Mr. Berold is an investment banker previously with a major European-based banking group. Appointed to the board on 21 February 2007, he has had considerable experience in corporate finance advising on strategy, mergers and acquisitions, and funding. He is a former Stockbroker, and served on the boards of The Stock Exchange of Melbourne as well as the Australian Stock Exchange. Mr. Berold is a member of the Audit Committee of Lakes Oil N.L. During the past three years Mr. Berold has not held any other listed company directorships.

Peter B. Lawrence BCom, MBA, FCPA (Non Executive Director)

Mr. Lawrence is a former member of the Australian Stock Exchange with over 30 years experience as a Stockbroker. He served on the Board of Bell Asset Management Limited from December 1999 until February 2006. Mr Lawrence has served on the Lakes Oil N.L. board since 2000. Mr. Lawrence is Chairman of the Audit Committee of Lakes Oil N.L. from its inception on 1 March 2006. During the past three years Mr. Lawrence has not held any other listed company directorships.

James H.Y. Syme LLB (Non Executive Director)

Mr. Syme was Victorian Government Solicitor for five years from 2001 to 2006. Prior to that he was with national law firm Corrs Chambers Westgarth for 34 years where he specialised in business law. Mr. Syme was appointed to the board on the 28 May 2006

Directors' Report (cont.)

and was elected to the Audit Committee on the 28 June 2006. Mr. Syme was previously a member of the Lakes Oil N.L. board from 1985 (when the company first listed) until 1997. For the past three years he has not been a member of any other listed company boards. Mr Syme is currently an active member of two Victorian Government bodies being the Chinese Medicine Registration Board and the Suitability Panel established with respect to out of home carers for foster children.

Company Secretary

Raymond E. South FCA, FCIS, FCPA (until 01 June 2010)

Mr. South is a professional company secretary serving a number of listed and unlisted companies. His experience includes being a National Manager of the ASX, the CEO of a company serving the broking industry and in professional accounting. Mr South retired from his position as Company Secretary on 1 June 2010.

Leslie F. B. Smith BBS, MBA, CPA, CA (NZ) (from 01 June 2010)

Mr. Smith, Lakes Oil's Chief Financial Officer, has previously held senior financial and company secretarial roles in various industries, most recently with Vision Australia.

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the number of meetings attended by each director were:

	Board Meetings		Audit Committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend
Robert J. Annells	5	5	-	-
Barney I. Berold	5	5	2	2
Peter B. Lawrence	5	5	2	2
James H.Y. Syme	5	5	2	2

Interests in the shares and options of the company and related bodies corporate

The interests in securities of the company and related entities which are held by each Director as at the date of this Report, either directly or indirectly through entities or parties related to him, are:

		Ordinary shares	Partly Paid Shares
		2010	2010
R.J. Annells	D	2,120,417	-
	I	77,116,842	75,000,000
B.I. Berold	D	5,799,167	-
	I	23,373,611	25,000,000
P.B. Lawrence	D	-	-
	I	40,000,000	25,000,000
J.H.Y. Syme	D	-	-
	I	3,172,771	25,000,000

Note: D = direct ownership. I = indirect ownership.

These Indirect holdings include, for Mr Annells, 75,000,000 partly paid shares and for each of Messrs Berold, Lawrence and Syme, 25,000,000 partly paid shares. These 1.5cent shares paid to 0.1 cents were issued under terms and conditions approved at the 2009 Annual General Meeting Refer Note 15.

Directors' Interest in Contracts

Directors' interest in contracts is disclosed in Note 21 to Financial Statements.

Auditors Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit of the financial year is provided with this report.

Non – Audit Services

Non audit services are approved by resolution of the Audit Committee and approval is provided in writing to the Board of Directors. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

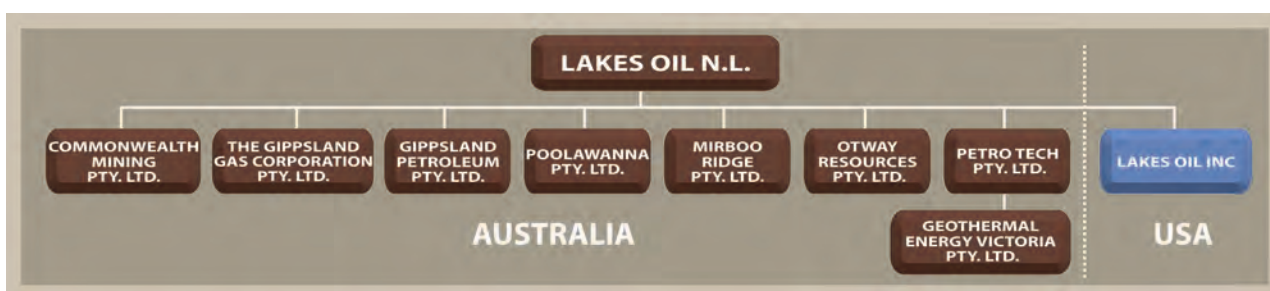
The following fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2010:

	2010 \$'000	2009 \$'000
Tax compliance	13	10
Tax advice	11	-
Tax Due Diligence Services	22	6
	<u>46</u>	<u>16</u>

Corporate Information

Corporate Structure

Lakes Oil N.L. is a company limited by shares, incorporated and domiciled in Australia. The ultimate parent entity is Lakes Oil N.L. and as such has prepared a consolidated financial report incorporating the entities it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure.



Principal Activity

The principal activity of the companies comprising the consolidated economic entity during the year ended 30 June 2010 was that of hydrocarbon exploration and investment. There were no significant changes in the activities of the economic entity during the year.

Results and Dividends

The consolidated operating loss of the economic entity for the year ended 30 June 2010 was:

	2010 \$'000	2009 \$'000
Operating loss before income tax	6,248	2,992
Income tax attributable to operating loss	-	-
Operating loss after income tax	<u>6,248</u>	<u>2,992</u>

During the year ended 30 June 2010, no dividends were paid or declared by the company and the directors do not recommend payment of a dividend.

Indemnification and insurance of Directors and officers

The company has during and since the end of the financial year, in respect of any person who has, is or has been an officer of the company or a related body corporate, paid a premium in respect of Directors and Officer liability insurance which indemnifies Directors, Officers and the Company of any claims made against the Directors, Officers of the Company and the Company, subject to conditions contained in the insurance policy. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid during or since the end of the financial year for auditors of the consolidated entity.

Proceedings on behalf of the company

No person has applied for leave to bring Court proceedings on behalf of the consolidated entity.

Share Options

Unissued shares

As at the date of this report, there were 9,850,000 unissued ordinary shares under options (92,100,000 at 30 June 2009). Refer to Note 15 of the financial statements for further details of the options outstanding.

Option holders do not have any right, by virtue of the options, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

There were no shares issued during this financial year as a result of the exercising of options.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Lakes Oil N.L. support, and have adhered to, the principles of corporate governance. A full statement regarding the company's corporate governance policies is included at the end of these Financial Statements.

Rounding Of Amounts

The amounts contained in the report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the consolidated entity under the Class Order 98/0100. The consolidated entity is an entity to which the Class Order applies.

Corporate Developments

In February 2010 Lakes Oil N.L. subsidiary Petro Tech Pty Ltd signed a farm-out agreement with Latrobe Fuels Limited (Latrobe) over a portion of PEPI66 known as the Gormandale Block. Under the terms of this agreement Latrobe is required to drill, at its own cost, up to two wells to a total depth of 2,000 metres, or basement whichever is reached first. For doing so Latrobe may acquire up to a 50% interest in the Sub-Block.

In April 2010 Lakes Oil N.L. and Beach Energy Limited (Beach) signed a conditional agreement whereby Beach can earn up to a 50% interest in PRL2, which contains the Wombat and Trifon fields, by spending up to \$50 million. The basis of this agreement is a two stage entry by Beach. This agreement became unconditional in August 2010, but activities still remain subject to any necessary regulatory approval. In Stage One Beach can earn up to a 15% interest in the permit by conducting certain activities at its own cost up to \$10 million. Stage Two enables Beach, at its option, to increase its interest in PRL2 to 50% by spending up to an additional \$40 million, plus the balance of any underfunded Stage One commitment. Beach will be the operator for both Stage One and Stage Two.

Lakes Oil Capital Raising

The company completed a one for four pro-rata non-renounceable rights issue during the year as outlined in last year's annual report. This issue raised \$10,378,064 before fees of \$288,373 for the Wombat 4 well and for other on-going exploration activities.

The Company issued 186,500,000 partly paid shares at a price of 1.5 cents paid to 0.1 cents to directors, staff and consultants. This issue raised \$186,500 for on-going exploration activities.

After Balance Day Events

In August 2010, Lakes Oil N.L. and Beach Energy Limited (Beach) signed an unconditional \$50 million agreement to further test the gas potential of the onshore Gippsland Basin, in Eastern Victoria. This signing follows an earlier conditional arrangement announced on 14th April 2010 where Beach can earn up to a 50 per cent interest in the Petroleum Retention Lease 2 (PRL 2) which contains the Wombat and Trifon tight gas fields.

The Company issued 5,000,000 partly paid shares at a price of 1.5 cents paid to 0.1 cents on 3rd August 2010. These shares were issued to non-director staff on identical terms and conditions as an earlier issue of partly paid shares, described more fully in Note 15.

On 16 September 2010 the Company placed 210,000,000 ordinary fully paid shares. The issue, at 0.65 cents per share, raised \$1,365,000 before brokerage for on-going exploration activities.

Exploration and Operational Summary

Asset Valuation

- Gaffney, Cline and Associates have undertaken an independent assessment of the resource assets within PRL2, and an Asset Evaluation was completed by Palliser Strategic Management in August 2009.
- The Palliser evaluation shows that LKO's PRL2 assets alone could be valued at between \$104 million and \$217 million (see table below).

Insitu Gas Resource Range for the Wombat, Trifon, Gangell and North Seaspray fields. Values - A\$ million		
Case	P50 2C	P10 3C
Estimated Ultimate Recovery (BCF)	683	920
Domestic Gas Market	\$104 - \$217m	\$112 - \$293m
Accelerated Growth Price Scenario	\$160 - \$217m	\$185 - \$293m

Gaffney, Cline & Associates, international independent petroleum consultants were commissioned to update the contingent resource estimates for the Wombat field based on the drilling results from Wombat 4. The revised update took into account all the well logging and testing results for Wombat 4 as well as fracture stimulation modeling by our US tight gas experts. The seismic interpretation of the Wombat field was updated to include new velocity data obtained from the well.

The updated P50 estimate of gas initially in place (GIIP) in the Wombat Field is now 787 Bscf. It was previously estimated at 700 Bscf (2008).

Their contingent resource estimates for the Trifon, Gangell and Seaspray Fields in PRL2 remain unchanged from last year. The P50 estimate of gas initially in place (GIIP) in the three fields is 922 Bscf (August 2009).

Details of the Gaffney, Cline and Associates evaluations are given later in this report.

Field Operations

- Wombat 4 was drilled in the year to a total depth of 2500m. It was declared a tight gas discovery after logging and testing and cased for future fracture stimulation.
- Workover programs have continued in Wombat 2.

Future Operations

The joint venture with Beach Energy may see significant activity in PRL2 in the coming year. Activities confirmed as part of Beach's Stage One commitment include flow and fracture tests for Boundary Creek 2 and Wombat 4 and the re-entry and evaluation of Wombat 3.

Permit Summaries

Onshore Gippsland Basin, Victoria

PRL 2 – Onshore, Victoria

Lakes Oil Group, Operator: 100% interest (Overall Permit), 57.5% Trifon, North Seaspray Gangell Fields 42.5% Jarden Corporation Australia Pty Ltd. Under a recently announced agreement Beach Energy Ltd will become the Operator and can earn up to a 50% interest in the overall permit by conducting certain exploration activities.

Summary of Field Operations

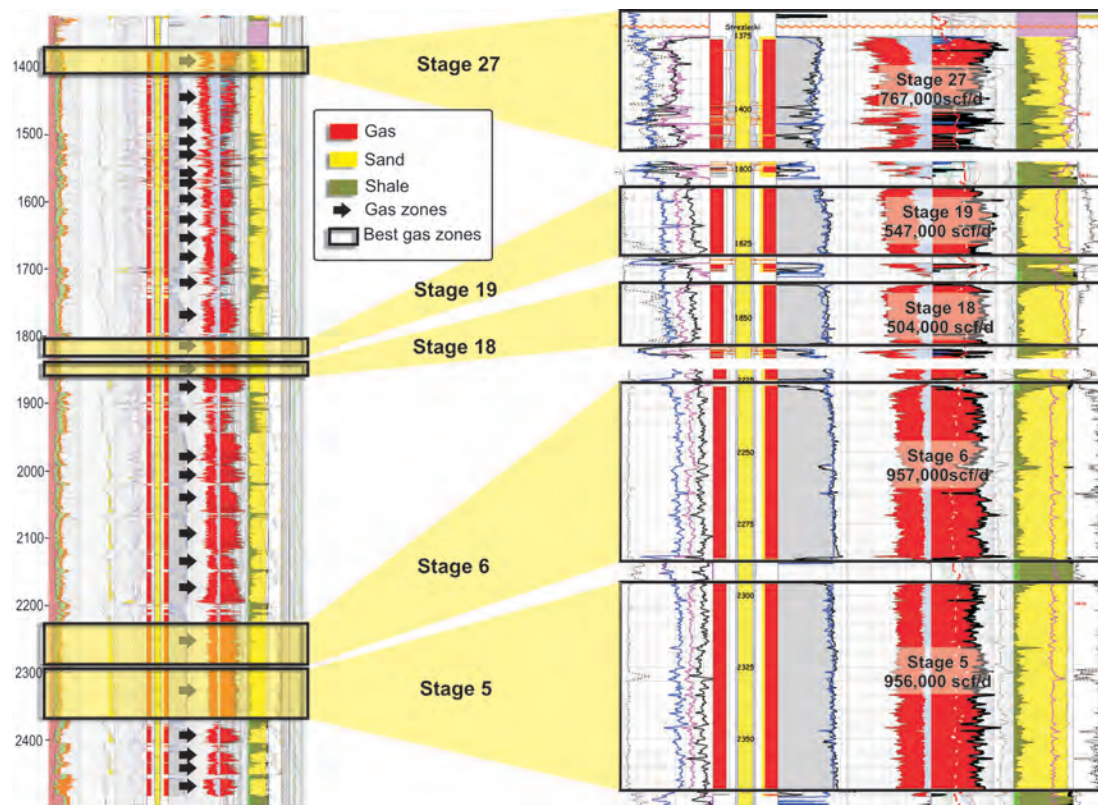
Wombat 4 - Drilling

The Wombat 4 well was spudded on 17th October, 2009 to test the up-structure potential of the Strzelecki Group located on a seismically mapped structural high about 1.5 km to the south-west of Wombat 2. It was the first well drilled in the onshore Gippsland Basin with the benefit of 3D seismic. The main target was tight gas sands in the Strzelecki Group and a secondary target was a mapped intra-Latrobe Group closure with potential for conventional hydrocarbons. The well reached a total depth of 2500 metres and is considered a tight gas discovery.

US tight gas consultants identified 27 potential tight gas zones from StimLog evaluation in the Strzelecki Group over a total interval of 1140 metres between 1360 and 2500 m KB. The entire Strzelecki interval appears to be gas saturated and liquid hydrocarbons were identified in core at 1383 mKB. near the top of the Strzelecki Group. Three DST's were conducted in the Strzelecki Group which flared gas at indeterminate rates. The 5 best gas zones identified from the StimLog could yield initial cumulative production rates of approx. 3.7 mmscf/d after fracture stimulation (with 200ft. frac length). Final selection of the fracture zones is yet to be confirmed.

Additional technical evaluations from tight gas and other experts have been completed on the Wombat 4 results to assist in the design and execution of the proposed fracture stimulation program. Estimated timing for the fracture stimulation is the last quarter of 2010 or first quarter of 2011. Beach Energy will be the operator.

In the Latrobe Group, closed hole DST's conducted between 1123-1126m, 1171-1174m, 1109-1112 m. indicated the presence of liquid hydrocarbons, which is the first known recovery of light oil from onshore Gippsland Basin. The well was logged and cased and suspended in preparation for future fracture stimulation.



Wombat 4: StimLOG across Strzelecki Group (1400 - 2500m KB): 27 tight gas zones identified.

The Stimlog interpretations by our US consultants indicate the predicted flow rates after fracture simulation of the 5 best gas sands (shown in red in column 2 from the right) could give a total initial production of 3.7 mmscf/d using a 200' frac length.

Permit Summaries (cont.)

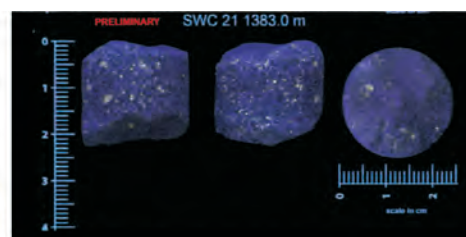
Onshore Gippsland Basin, Victoria (cont.)

PRL 2 – Onshore, Victoria (cont.)

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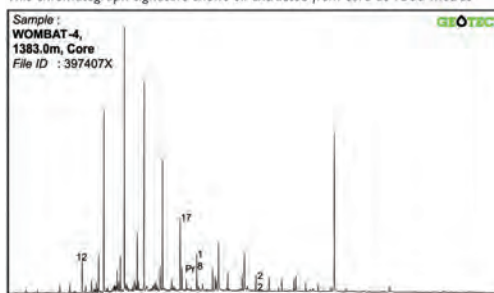


SWC in natural light

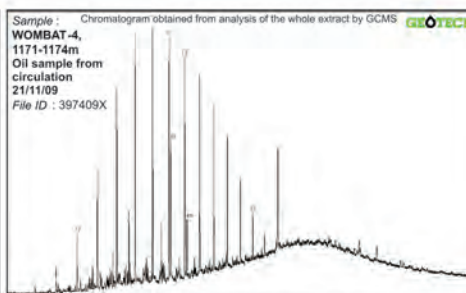


Core in ultraviolet light shows fluorescence (oil)

This chromatograph signature shows oil extracted from core at 1383 metres

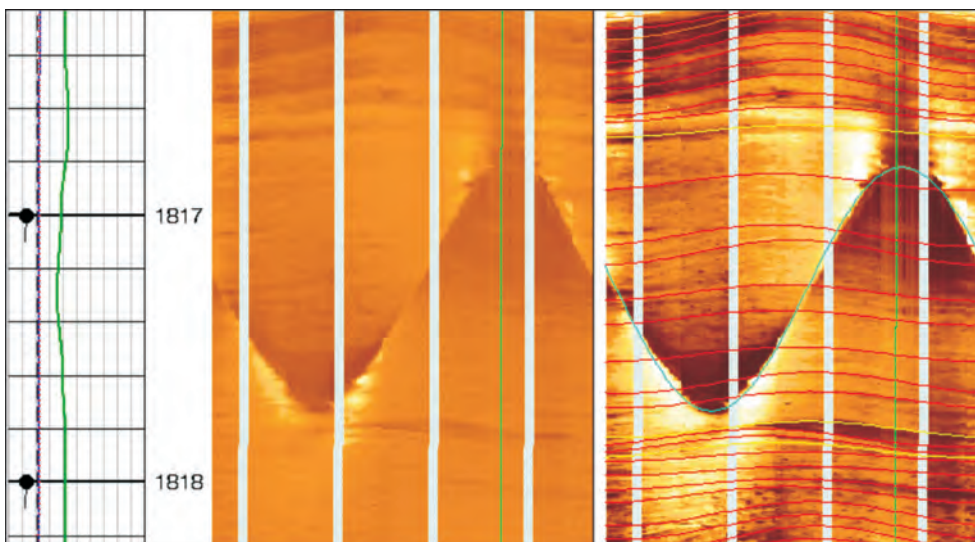


Wombat 4: Strzelecki Group oil observed in core and extracted oil chromatograph signature at 1383m



Wombat 4: Latrobe Group hydrocarbons at 1171-1174m. Independent laboratory test shows light crude oil present in circulation fluid from DST test.

Wombat 4 : FMI log image at 1817 - 1818m: Close - up example of resistive natural fractures in the Strzelecki Group (light blue sinusoids) (Static image left, dynamic image right), showing typical "halo effect".

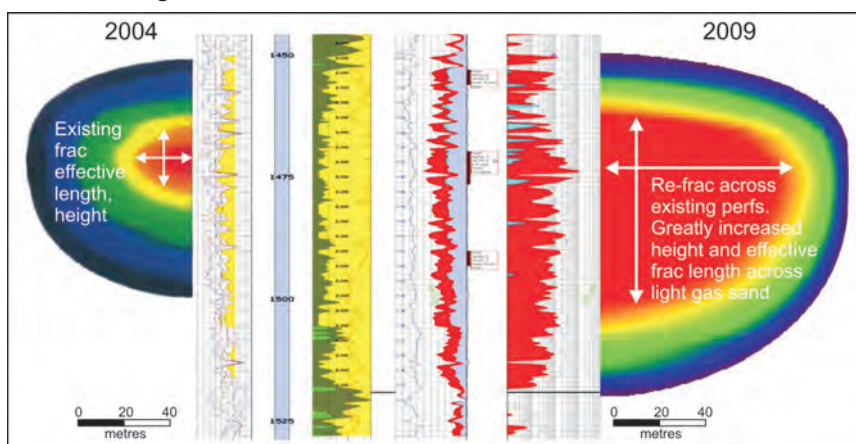


Workover Program

Wombat 2

Following the successful re-fracturing of the 1,470m gas zone in July 2009, the well achieved initial gas flows of up to 4.3 million cubic feet per day, which decreased to 1.4 mmscf/d through a 1" choke.

Wombat 2 Re-fracture : Stimlog and profile of fracture treatments in the 1470m gas zone (2004, 2009)



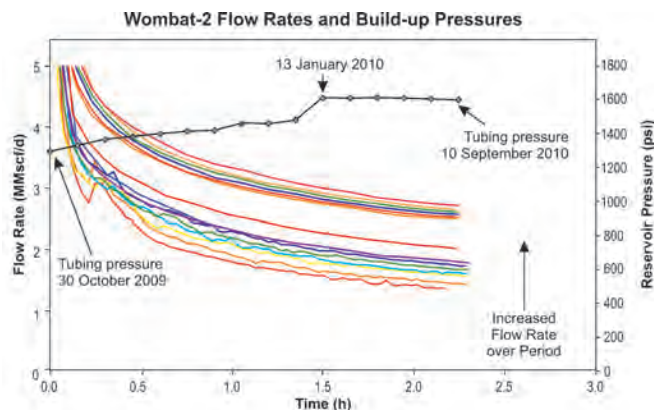
Permit Summaries (cont.)

Onshore Gippsland Basin, Victoria (cont.)
 PRL 2 – Onshore, Victoria (cont.)

However, a blockage was encountered which impeded the gas flow to the wellbore. The company engaged US gas experts to assist in remedial work in an effort to remove the blockage.

Since late August 2009, following a chemical treatment of the blockage, flow back rates and pressure build-ups have been improving and regular monitoring has been ongoing through the winter season. This will continue until a satisfactory stabilised flow has been established.

Wombat 2 Re-fracture: This graph shows the increase in gas flow and shut-in pressure over the test period. Monitoring will continue until sustainable rates have been achieved.



Future Operations

Following the farm-in agreement reached between Lakes Oil N.L. and Beach Energy, the following activities are proposed as part of Beach's Stage One Commitment:

Flow and fracture tests

It is proposed to re-enter the Boundary Creek 2 and Wombat 4 wells and fracture stimulate several of the best tight gas zones. This will occur later in 2010, pending equipment availability and the granting of the necessary approvals.

Re-Entry and Evaluation

It is proposed to re-enter and evaluate the oil zone at 2100m in Wombat 3 which was tested and confirmed during the 2009 work-over program. The re-entry is proposed for the last quarter of 2010 and will involve the installation of a down-hole pump to help lift the oil from the fracture system in the well which has produced the first oil to be recovered from the Strzelecki Formation.

Work-over program – all other wells

All other planned work-over activities are now being re-prioritised pending a final agreement on the content of the Beach's Stage One activities.

PRL 3 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest)

Access discussions with landowners continued during the period and whilst these continue, no field activities were possible. Historical and recent oil company data were compiled into a single database with the aim of constructing a composite model of the Lakes Entrance oil field. This will assist in future mapping and development in the area.

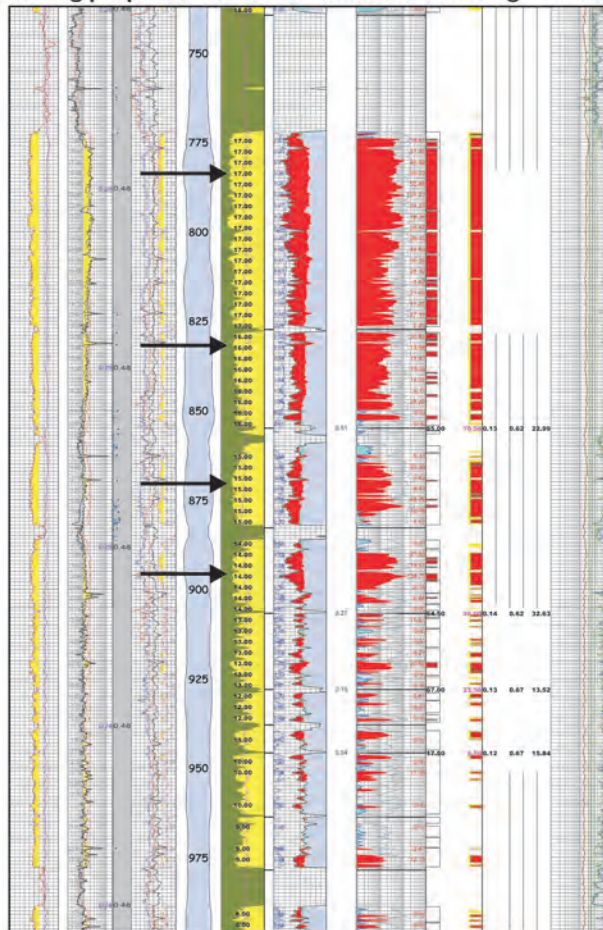
PEP 158 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest)

Following an application process that had continued for several years, we received notification from the Department of Primary Industries (Victoria) that our application for a Petroleum Retention Lease over part of PEP 158 had been refused. We continued to challenge the decision until it became un-commercial to do so. Deferred exploration evaluation costs carried forward in respect of this permit of \$ 2,778,834 were written off to the profit and loss account in the period.

Boundary Creek 2 Stim LOG

showing proposed fracture stimulation & testing intervals.



- Prospective zones identified from the StimLOG.
- Test up to 4 zones within the sand package from 775-975m.
- Estimated cumulative flow from the four prospective zones predicted to be up to 1 mmscfd unfractured.
- Additional potentially productive zones identified above and below this sand package.

This permit area was re-gazetted in July 2010. We applied for the permit but were not awarded the area.

PEP 166 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest except for the Gormandale Block where Latrobe Fuels Ltd may earn up to a 50% interest)

Regional mapping of basement structures using available seismic, gravity and magnetic data was completed. This mapping enabled us to create a three dimensional basement model, extending across the Latrobe Valley into adjacent areas of the onshore Gippsland Basin.

A magneto-telluric (MT) survey has been prepared. This will enable us to better image the base Strzelecki basement topography. Approval for this survey has been obtained and it is scheduled to be completed before the end of 2010, weather and contractors permitting. This survey is being co-ordinated with a similar survey to be conducted in PEP 163. Data will be shared with Greenerth Energy Ltd.

PEP 166 Planned Drilling Program

Lakes Oil (through its fully owned subsidiary Petro Tech Pty Ltd) has signed a farm-in and operating agreement with Latrobe Fuels Limited over a discrete area near Gormandale in Permit 166 (Gormandale Block), onshore Gippsland Basin.

Under the terms of the agreement, Latrobe is required to drill, at its own cost, up to two wells to a total depth of 2,000 metres, or basement, whichever is reached first. Latrobe may acquire up to a 50% interest in the designated block. Drilling of the first well must commence by 31 December 2010.

The drilling locations for two wells have been selected in the Gormandale Block within PEP 166 on the Baragwanath Anticline. Lakes Oil Group will act as operator for the drilling of these wells.

The geological objective of the well(s) is for an oil and gas play on the Baragwanath Anticline in PEP 166 where the Tyers Group Rintouls Creek Sandstone/Tyers Conglomerate within the earliest Lower Cretaceous Strzelecki Group is the primary reservoir objective. A secondary objective is the beds of the overlying Strzelecki Group which conformably overlie the Tyers Group. The Rintouls Creek Sandstone/Tyers Conglomerate is well developed in the northern part of PEP 166 where it outcrops in the Rintouls Creek and Tyers River valleys northeast of Yallourn, and has been intersected in Boola Boola-1, Tyers-1 and Tyers-2 wells nearby and in bore H1664 in the Morwell open cut area beneath the Tertiary coal measures. In the outcrops and wells the sandstone has moderate reservoir quality. The Tyers Conglomerate underlies the Rintouls Creek Sandstone and includes some porosity and permeability at outcrop.

Onshore Otway Basin, Victoria

PEP 163 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest)

Evaluation of potential Lower Cretaceous tight gas prospects in the permit is continuing. Several prospects have been identified and will be further evaluated. Planning for a magneto-telluric (MT) survey has been completed and will be conducted to complement the existing seismic and MT data and provide better depth imaging in the area. This survey is scheduled to be completed before the end of 2010, weather and contractors permitting, and is being co-ordinated with the MT survey scheduled to be performed in PEP 166 in the Gippsland Basin.

PEP 164 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest)

Detailed seismic and geological mapping continued through the financial year with the aim of providing several prospective tight gas targets in the Lower Cretaceous Eumeralla Group. The seismic mapping and prospect evaluation will continue for the next few months. In 2011, the second year of the work program we plan to drill a well to test a tight gas target.

PEP 169 – Onshore, Victoria

(Lakes Oil Group, Operator: 100% interest)

Final selection for a drilling site in PEP 169 has been chosen adjacent to the Iona gas field. The 'Otway' prospect was mapped using 3D seismic data and is located up-dip from the Iona structure which is a proven gas field in the Waarre 'C' Sand. The well will target two prospective horizons in a fault bound play: the Pebble Point Formation and the Waarre "C" Sandstone. The estimated total depth of the well is 1300 metres. The geological prognosis is believed to be favourable, considering the close proximity of the prospect and up-dip position to a known hydrocarbon field and the presence of amplitude anomalies in the two mapped reservoir horizons.

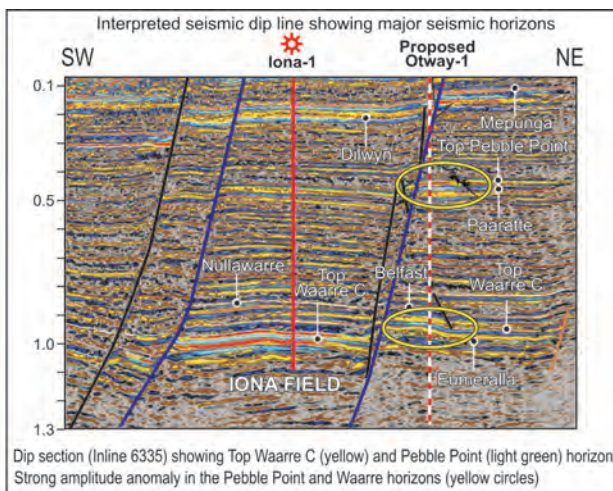
Planning for the drilling operation is in progress and the estimated start to drilling is the first quarter 2011, but will be dependent on rig availability and approvals.

Detailed seismic mapping of other conventional structural plays in Late Cretaceous reservoirs continued and at least 5 new structural prospects have now been identified in the south and southwest of the permit.

In addition to the Waarre targets, several secondary targets have been mapped in the Tertiary Pebble Point Formation and Early Cretaceous Eumeralla Formation which occur at relatively shallow depths. The secondary targets are still being evaluated as there is less drilling control data in this area.

Onshore Otway Basin, Victoria (cont.)

PEP 169 – Onshore, Victoria (cont.)



NE - SW dip seismic section across Proposed Otway-1 prospect; see location on map.

Eromanga Basin, Onshore Queensland

ATP 560P – McIVOR BLOCK - Onshore, Qld

(Lakes Oil Group: 25% interest; Operator: Victoria Petroleum N.L.)

This permit was relinquished during the financial year to allow Lakes Oil N.L. to concentrate on its core activities in Victoria. All exploration expenditure incurred in fulfilling permit obligations had been written off in previous years.

ATP 560P – UELEVEN BLOCK - Onshore, Qld

(Lakes Oil Group: 25% interest; Operator: Icon Oil N.L.)

This permit was relinquished during the financial year to allow Lakes Oil N.L. to concentrate on its core activities in Victoria. All exploration expenditure incurred in fulfilling permit obligations had been written off in previous years.

Onshore USA – San Joaquin basin California

Eagle Prospect - Onshore, California, U.S.A.

(Lakes Oil Group: 15% working interest; Operator: Victoria Petroleum N.L.)

A resource study was initiated and analysis of 3D seismic continued during the period. The joint venturers believe that new 3D seismic coverage will provide a better resolution of structuring at depth.

Environmental Regulation and Performance

The company holds interests in petroleum exploration permits and licences in Victoria. All of these permits and licences impose regulations regarding environmental issues. There have been no known breaches of the environmental regulations during the financial year. The Department of Primary Industries (Vic) is, however, investigating a minor fire incident resulting from a flaring operation.

PRL 2: Resource Evaluation Tables

Gaffney, Cline and Associates evaluated the **Trifon, Gangell and North Seaspray Fields in PRL2** (August 2009). Their contingent resource estimates are summarised in the table below.

	GIIP		
	P90	P50	P10
Trifon, North Seaspray Area Gas Initially In-Place (GIIP) (Bscf)	116	492	711
Gangell Area Gas Initially In-Place (GIIP) (Bscf)	121	405	498
TOTAL (Probabilistic) Gas Initially In-Place (GIIP) (Bscf)	293	922	1,237
	Contingent Gas Resources (Gross 100% interest)		
	1C	2C	3C
Trifon, North Seaspray Area Estimated Ultimate Recovery (EUR) (Bscf)	70	206	301
Gangell Area Estimated Ultimate Recovery (EUR) (Bscf)	50	168	209
TOTAL (Probabilistic) Estimated Ultimate Recovery (EUR) (Bscf)	126	390	526

PRL 2: Resource Evaluation Tables (cont.)

Notes:

1. Natural gas volumes represent expected gas sales and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60°F.
2. Volumes reported are gross (100%) interest for the field areas.
3. The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content which together average less than 4%

Source GCA report, August 2009.

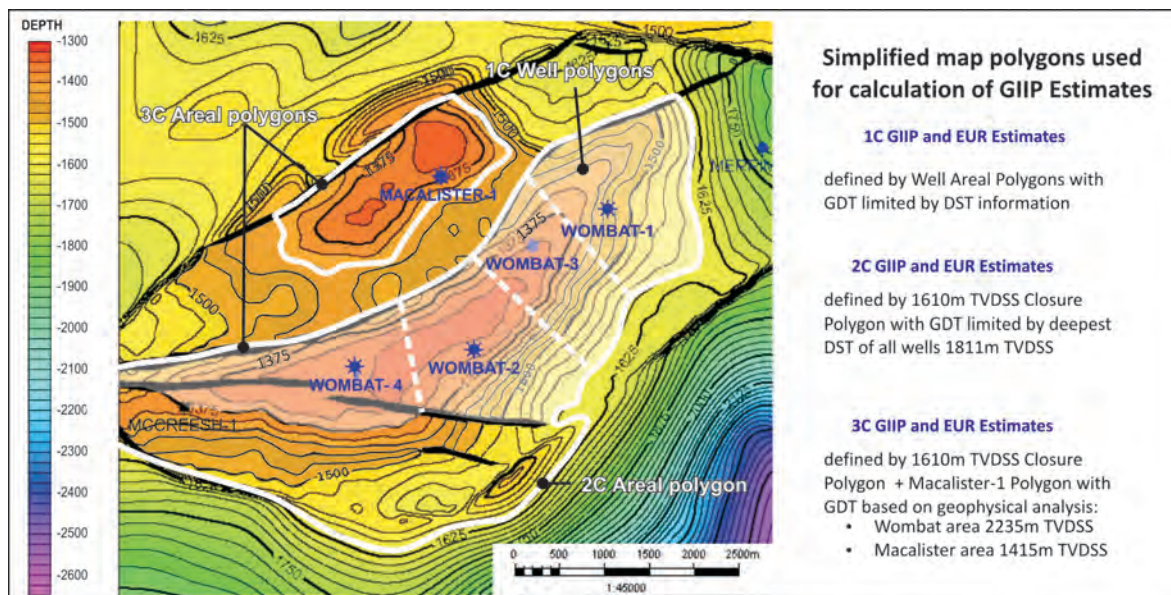
The Company commissioned Gaffney, Cline & Associates, international independent petroleum consultants, to update the contingent resource estimates for the Wombat field based on the drilling results from Wombat 4. The revised update took into account all the well logging and testing results for Wombat 4 as well as fracture stimulation modeling by our US tight gas experts. The updated P50 estimate of gas initially in place (GIIP) in the Wombat Field is now 787 Bscf. It was previously estimated at 700 Bscf (2008).

WOMBAT FIELD VIC/RL2, ONSHORE AUSTRALIA SUMMARY OF GAS INITIALLY IN-PLACE AND CONTINGENT GAS RESOURCES POST WOMBAT-4						
	GCA GIIP (Bscf)			GCA EUR (Bscf)		
	P90	P50	P10	1C	2C	3C
WOMBAT FIELD	612	787	1,396	258	329	628

Notes:

1. Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60° F.
2. Volumes reported are gross (100%) interest for the field area
3. The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content, which together average less than 1.6%

Source GCA report, August 2009. See Map Below



Plus potential for **additional** gas as described below:

"In addition if it can be demonstrated that the Macalister and Wombat areas are part of a single unconventional tight gas accumulation that contains gas down to a common GWC at 2,430 metres TVDSS based on the log analysis from Wombat-4, then this would provide an additional 1,030 Bscf of GIIP to the accumulation, which could be represented as an un-risked Prospective Resource of 430 Bscf assuming an average recovery factor of 42%. Further drilling is required to evaluate this potential".
Quote from GCA report, 2010.

Remuneration Report

Directors' Remuneration

Remuneration Policy

The board of directors of Lakes Oil N.L. is responsible for determining and reviewing compensation arrangements for the directors, and the executive team. The board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as expenses payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

For directors and staff, the company provides a remuneration package that incorporates both cash-based remuneration and share-based remuneration. The contracts for services between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in aligning director and shareholder interests. The remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

Non executive directors receive fees, options and partly paid shares and do not receive bonus payments.

The company determines the maximum amount for remuneration, including thresholds for share-based remuneration for directors by resolution.

Named directors and executives

The names and positions of each person who held the position of director at any time during the financial year is provided above. There are three executives in the consolidated group who hold positions of a senior nature that directly influences the overall direction of the company focus as named below:

Executives	Position
I Campbell	Chief Geologist
T O'Brien	Operations Manager
L Smith	Chief Financial Officer/Company Secretary

Directors' Remuneration

		Primary Benefits		Post Employment		Equity Options*	Other Benefits	Total
		Salary & fees	Non Monetary	Superannuation	Retirement Benefits			
R.J. Annells ^A	2010	440,872	-	4,128	-	47,766	-	492,766
	2009	420,000	-	2,250	-	125,076	-	547,326
B.I. Berold	2010	45,872	-	4,128	-	-	-	50,000
	2009	25,000	-	2,250	-	-	-	27,250
P.B. Lawrence	2010	50,000	-	-	-	20,095	-	70,095
	2009	25,000	-	-	-	52,773	-	77,773
J.H.Y. Syme	2010	48,875	-	1,125	-	-	-	50,000
	2009	25,000	-	2,250	-	-	-	27,250
Total Directors remuneration	2010	585,619	-	9,381	-	67,861	-	662,861
	2009	495,000	-	6,750	-	177,849	-	679,599

* The values shown in the column headed "Equity Options" represents the non cash amortised notional value of the options.

^A The values shown represent payment made as a director and chief executive officer (paid to Arc de Triomphe Securities Pty Ltd).

Executives' remuneration

		Primary Benefits		Post Employment			Total
		Salary & fees	Non Monetary	Superannuation	Retirement Benefits	Equity Options*	
I. Campbell	2010	177,213	-	15,950	-	3,657	196,820
	2009	151,376	-	13,623	-	9,459	174,458
T. O'Brien	2010	163,456	-	14,713	-	4,137	182,306
	2009	137,615	-	12,385	-	10,730	160,730
L. Smith *	2010	57,288	-	11,451	-	-	68,739
	2009	-	-	-	-	-	-
Total Executive Remuneration	2010	397,957	-	42,114	-	7,794	447,865
	2009	288,991	-	26,008	-	20,189	335,188

* The values shown in the column headed "Equity Options" represents the non-cash amortised notional value of the options.

+ L. Smith commenced with the Company on 18th January 2010, therefore comparative not applicable.

Key Management Personnel - Compensation by Category

	CONSOLIDATED	
	2010	2009
	\$	\$
Short term employment benefits	983,575	783,991
Post employment benefits	51,495	32,758
Share based payments	75,655	198,038
	1,110,725	1,014,787

Remuneration - options and options with no performance criteria

The percentage of each director and executive remuneration which comprises options is shown in the table below:

	2010 % of Remuneration from Options	2009 % of Remuneration from Options
Directors		
R. J. Annells	9.69%	22.85%
B. I. Berold	-	-
P. B. Lawrence	28.67%	67.86%
J. H. Y. Syme	-	-
Executives		
I. Campbell	1.86%	5.42%
T. O'Brien	2.27%	6.60%
L. Smith	-	-

Options granted as remuneration that have been exercised or lapsed during the financial year

2010	Directors and Executives	1 July 2009	Value granted	Value exercised	Value lapsed	30 June 2010
	Directors					
	R. J. Annells	597,000	-	-	(597,000)	-
	B. I. Berold	-	-	-	-	-
	P. B. Lawrence	243,900	-	-	(243,900)	-
	J. H. Y. Syme	-	-	-	-	-
	Executives					
	I. Campbell	27,425	-	-	(21,225)	6,200
	T. O'Brien	32,825	-	-	(26,625)	6,200
	L. Smith *	-	-	-	-	-
		901,150	-	-	(888,750)	12,400

Directors' Report (cont.)

2009	Directors and Executives	1 July 2008	Value granted	Value exercised	Value lapsed	30 June 2009
	Directors					
	R. J. Annells	597,000	-	-	-	597,000
	B. I. Berold	-	-	-	-	-
	P. B. Lawrence	243,900	-	-	-	243,900
	J. H. Y. Syme	-	-	-	-	-
	Executives					
	I. Campbell	27,425	-	-	-	27,425
	T. O'Brien	32,825	-	-	-	32,825
		901,150				901,150

+ L. Smith commenced with the Company on 18th January 2010, therefore comparative not applicable.

Directors' and Executives' Equity Holdings

(a) Compensation options: granted and vested during the year (consolidated)

No options were granted and vested during the year ended 30 June 2010 or the year ended 30 June 2009.

(b) Share issued on exercise of compensation options

No shares have been issued on exercise of compensation options by any director or executive.

(c) Number of Options held by Key Management Personnel (consolidated)

2010	Balance at beginning of period	Granted as compensation	Options Exercised	Options lapsed	Balance at end of period	Vested at 30 June 2010		
Directors	1 July 2009				30 June 2010	Total	Not Exercisable	Exercisable
R. J. Annells	30,000,000	-	-	(30,000,000)	-	-	-	-
B. I. Berold	-	-	-	-	-	-	-	-
P. B. Lawrence	15,000,000	-	-	(15,000,000)	-	-	-	-
J. H. Y. Syme	-	-	-	-	-	-	-	-
Executives								
I. Campbell	4,500,000	-	-	(2,500,000)	2,000,000	2,000,000	-	2,000,000
T. O'Brien	5,000,000	-	-	(3,000,000)	2,000,000	2,000,000	-	2,000,000
L. Smith +	-	-	-	-	-	-	-	-
Total	54,500,000	-	-	(50,500,000)	4,000,000	4,000,000	-	4,000,000
Weighted average exercise price (\$)	0.54				0.15	0.15		0.15

+ L. Smith commenced with the Company on 18th January 2010, therefore comparative not applicable.

2009	Balance at beginning of period	Granted as compensation	Options Exercised	Options lapsed	Balance at end of period	Vested at 30 June 2009		
Directors	1 July 2008				30 June 2009	Total	Not Exercisable	Exercisable
R. J. Annells	30,000,000	-	-	-	30,000,000	30,000,000	-	30,000,000
B. I. Berold	-	-	-	-	-	-	-	-
P. B. Lawrence	15,000,000	-	-	-	15,000,000	15,000,000	-	15,000,000
J. H. Y. Syme	-	-	-	-	-	-	-	-
Executives								
I. Campbell	4,500,000	-	-	-	4,500,000	4,500,000	-	4,500,000
T. O'Brien	5,000,000	-	-	-	5,000,000	5,000,000	-	5,000,000
Total	54,500,000	-	-	-	54,500,000	54,500,000	-	54,500,000
Weighted average exercise price (\$)	0.057				0.054	0.054		0.054

Valuation of options issued to directors and executives

No options were issued to directors and executives during the 2010 or 2009 financial years.

Number of Shares held by Key Management Personnel

2010		Balance 1 July 2009	Granted as Remuneration Partly Paid Shares	Net Change Other	Balance 30 June 2010
		Ord	Ord	Ord	Ord
Directors					
R.J. Annells	D	1,696,333	-	424,084	2,120,417
	I	61,693,473	75,000,000	15,423,369	152,116,842
B.I. Berold	D	1,124,444	-	4,674,723	5,799,167
	I	18,698,888	25,000,000	4,674,723	48,373,611
P.B. Lawrence	D	-	-	-	-
	I	30,200,000	25,000,000	9,800,000	65,000,000
J.H.Y. Syme	D	-	-	-	-
	I	2,172,771	25,000,000	1,000,000	28,172,771
Executives					
I. Campbell	D	-	10,000,000	1,300,000	11,300,000
	I	-	-	-	-
T. O'Brien	D	5,000,001	-	(1)	5,000,000
	I	-	10,000,000	-	10,000,000
L. Smith	D	-	-	416,600	416,600
	I	-	-	-	-
Total		120,585,910	170,000,000	37,713,498	328,299,408

Note: D = direct ownership. I = indirect ownership.

The shares "Granted as Remuneration" relate to the partly paid shares issued during the year. These shares are 1.5 cent shares paid to 0.1 cents were issued under terms and conditions approved at the 2009 Annual General Meeting Refer Note 15 for more detail.

2009		Balance 1 July 2008	Granted as Remuneration Partly Paid Shares	Net Change Other	Balance 30 June 2009
		Ord	Ord	Ord	Ord
Directors					
R.J. Annells	D	1,696,333	-	-	1,696,333
	I	42,693,473	-	19,000,000	61,693,473
B.I. Berold	D	1,124,444	-	-	1,124,444
	I	18,698,888	-	-	18,698,888
P.B. Lawrence	D	-	-	-	-
	I	23,200,000	-	7,000,000	30,200,000
J.H.Y. Syme	D	-	-	-	-
	I	2,172,771	-	-	2,172,771
Executives					
I. Campbell	D	-	-	-	-
	I	-	-	-	-
T. O'Brien	D	3,000,001	-	2,000,000	5,000,001
	I	-	-	-	-
Total		92,585,910	-	28,000,000	120,585,910

Note: D = direct ownership. I = indirect ownership.

All equity transactions with specified directors and executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Signed in accordance with a resolution of the directors.

ROBERT J. ANNELLS

Chairman

Signed at Melbourne, Victoria on 30 September 2010

Community and Local Engagement Program

Lakes Oil continues its community program throughout the Latrobe and Gippsland Regions by donation and sponsorship, together with personal involvement with various organisations, some of which are outlined in this report.

The Company has also continued its objective to maintain close association with members of the local, State and Federal Governments, and in addition with particular emphasis upon involvement to foster the development of young people throughout the Community.



Cricket:

In September 2009 Lakes Oil joined Cricket Victoria in supporting the Lucknow Cricket Club's Koori Program, which introduces cricket to Koori children throughout the Bairnsdale Region.

The Koori Cricket Program has been recognized by the Australian Cricket Board and the International Cricket Board. On 27 February 2010, representatives of Lakes Oil, including Director James Syme, attended the Lucknow Cricket Club for the Under-13 team one day final match versus Wy Yung.



Charity Auction:

The annual Pre-Grand Final Luncheon and Charity Auction was held at Lakes Oil's offices on 22nd September 2010 with over 80 guests attending. The auction, supported by the Victoria Racing Club, Azumah Sports, Do Giorgio Family wines, Melbourne Storm Rugby League Club raised \$7,640 for the Peter MacCallum Cancer Foundation and the Royal Children's Hospital Foundation.

As part of the day's official program representatives of the Churchill Football and Netball Club presented Lakes Oil's Executive Chairman Rob Annells with some club memorabilia in recognition of Lake Oil's ongoing support of the club, its members and young people generally throughout the Region.



Lakes Oil – Tour of Gippsland Cycling Classic:

The official launch of the 2010 Scody Cup Cycling Series, incorporating the Lakes Oil Tour of Gippsland, was made by Michael Palmer, Chairman of the World Cycling Board for Geelong, at the Lakes Oil's offices on 14 July 2010.

Some 100 persons attended the launch, including representatives of the numerous Shires and Councils involved, Cycling Australia, Tour sponsors and team management and other guests. A highlight was the attendance of members of the Malaysian 2010 Commonwealth Games Team who participated in the Tour.

Blessing of the Tour riders, the supporting entourage of officials and team support personnel was performed by Stan Yarramunua, a direct descendent of John Charles of the Dja Dja Wurrung and Wathaurong Country.

The Lakes Oil Tour of Gippsland commenced at the historic coal mining town of Wonthaggi on July 28. The Tour covered 515 kms and incorporated 72 sprints and 15 hill climbs provided a most challenging and adventurous event for the record 160 young riders from Australia, New Zealand and Malaysia. Over the five days of the Tour the race traversed through the picturesque and undulating terrain of the Shires of Bass Coast, Baw Baw, Latrobe, Wellington and East Gippsland, concluding on 1 August at Paynesville.

The overall winner of the Lakes Oil Tour was Patrick Shaw of Victoria, a gifted young rider with much potential to succeed at the highest level.

To emphasise the benefit of the Lakes Oil Tour and the Scody Series as a training ground for these young athletes two 2009 competitors, Jack Bobridge and Cameron Meyer, won four gold medals representing Australia at the recent 2010 Delhi games.



Photo above and below courtesy of the Bairnsdale Advertiser



Other Community:

In conjunction with new class and recreational rooms supplied to Seaspray Primary School as part of the Federal Government's Schools Assistance and Stimulus Program, Lakes Oil replaced unreliable and obsolete projector equipment with new Sony digital projectors, mounts and laser printers.

Other organisations assisted by Lakes Oil include in the year include:

Newborough Primary School, Yarram Secondary College, the Lakes Entrance Football Club and the Rotary Clubs of Lakes Entrance and Traralgon





To the Directors of Lakes Oil N.L.

In relation to the independent audit for the year ended 30 June 2010, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct



MW PRINGLE
Partner
30 September 2010



PITCHER PARTNERS
Melbourne

Consolidated Statement of Comprehensive Income

Lakes Oil N.L. and its controlled entities

For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Revenue			
Other Revenue	4	457	300
Fair value (losses)/gains on financial assets through profit or loss		(231)	189
		226	489
Employee benefits expenses	5	(882)	(848)
Depreciation expenses	5	(122)	(135)
Exploration expenditure written off	12	(3,005)	(238)
Accounting and audit expenses		(151)	(81)
Marketing and promotion expenses		(211)	(138)
Rent and occupancy expenses		(306)	(264)
Consulting expenses		(731)	(809)
Administrative expenses	5	(1,057)	(959)
Finance Costs		(9)	(9)
Total expenses		(6,474)	(3,481)
(Loss) before income tax		(6,248)	(2,992)
Income tax expense	6	-	-
(Loss) from continuing operations		(6,248)	(2,992)
Loss for the year		(6,248)	(2,992)
Other comprehensive income		-	-
Total comprehensive income for the year		(6,248)	(2,992)
Loss attributable to members of the parent		(6,248)	(2,992)
Total Comprehensive income attributable to members of the parent		(6,248)	(2,992)
Basic loss per share from continuing operations (cents per share)	18	(0.12)	(0.07)
Diluted loss per share from continuing operations (cents per share)	18	(0.12)	(0.07)

The accompanying notes form part of the financial statements

Consolidated Statement of Financial Position

Lakes Oil N.L. and its controlled entities

As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents	17	3,667	5,245
Receivables	7	113	603
Financial assets at fair value through profit or loss	10	1,182	1,413
Other financial assets	9	22	22
Other current assets	8	120	84
TOTAL CURRENT ASSETS		5,104	7,367
NON-CURRENT ASSETS			
Property, plant and equipment	11	932	1,037
Deferred exploration, evaluation and development	12	50,367	45,161
TOTAL NON-CURRENT ASSETS		51,299	46,198
TOTAL ASSETS		56,403	53,565
CURRENT LIABILITIES			
Trade and other payables	13	460	1,761
Provisions	14	127	68
TOTAL CURRENT LIABILITIES		587	1,829
NON-CURRENT LIABILITIES			
Provisions	14	315	324
TOTAL NON-CURRENT LIABILITIES		315	324
TOTAL LIABILITIES		902	2,153
NET ASSETS		55,501	51,412
EQUITY			
Share capital	15	94,606	84,329
Other reserves	16	15	1,251
Accumulated Losses	16	(39,120)	(34,168)
TOTAL EQUITY		55,501	51,412

The accompanying notes form part of the financial statements

Consolidated Statement of Changes in Equity

Lakes Oil N.L. and its controlled entities

For the year ended 30 June 2010

	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance as at 1 July 2008	83,403	1,026	(31,176)	53,253
Loss for the year	-	-	(2,992)	(2,992)
Total comprehensive income for the year	-	-	(2,992)	(2,992)
Transactions with owners in their capacity as owners:				
Contributions	1,000	-	-	1,000
Capital Raising Costs	(74)	-	-	(74)
Employee share options	-	225	-	225
Total transactions with owners in their capacity as owners	926	225	-	1,151
Balance as at 30 June 2009	84,329	1,251	(34,168)	51,412
Loss for the year	-	-	(6,248)	(6,248)
Total comprehensive income for the year	-	-	(6,248)	(6,248)
Transactions with owners in their capacity as owners:				
Contributions	10,378	-	-	10,378
Capital Raising Costs	(288)	-	-	(288)
Employee share options	-	60	-	60
Contributions for partly paid shares – staff and directors	187	-	-	187
Share Options expired	-	(1,296)	1,296	-
Total transactions with owners in their capacity as owners	10,277	(1,236)	1,296	10,337
Balance as at 30 June 2010	94,606	15	(39,120)	55,501

The accompanying notes form part of the financial statements

Consolidated Statement of Cash Flows

Lakes Oil N.L. and its controlled entities
For the year ended 30 June 2010

	CONSOLIDATED ENTITY	
	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	1,392	591
Payments to suppliers and employees	(3,677)	(3,133)
Payments for exploration and evaluation costs	(9,642)	(1,729)
Interest received	95	250
Finance Costs	(9)	(9)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(11,841)	(4,030)
	<i>17(a)</i>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26)	(405)
Proceeds from sale of plant and equipment	12	-
Proceeds from matured bonds and deposits	-	130
Proceeds from sale of shares in listed company	-	4,969
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(14)	4,694
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of ordinary shares	10,378	1,000
Proceeds from issue of partly paid shares	187	-
Payment of share issue costs	(288)	(75)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	10,277	925
NET INCREASE (DECREASE) IN CASH HELD	(1,578)	1,589
Add opening cash brought forward	5,245	3,656
CLOSING CASH CARRIED FORWARD	3,667	5,245
	<i>17(b)</i>	

The accompanying notes form part of the financial statements

Note 1: Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Lakes Oil N.L. and controlled entities as a consolidated entity. Lakes Oil N.L. is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors at the date of the Directors' report.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report.*Compliance with IFRS*

Australian Accounting Standards include Australian equivalent to International Financial Reporting Standards. Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRS).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred an operating loss after income tax expense for the year ended 30 June 2010 of \$6.2 million (2009: \$3.0 million) and at the reporting date total assets exceeded total liabilities by \$55.5 million (2009: \$51.4 million).

The Directors recognise that additional funding is required to meet the entities' working capital requirements and its contractual obligations as and when they fall due. The company has completed a placement subsequent to balance date raising \$1,365,000 before brokerage. This funding will ensure that the company meets its obligations for the next 12 months. The Directors recognise that beyond the next 12 months period additional funding will be required to continue to meet their minimum tenement commitments.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the economic entity be unable to continue to raise sufficient funding.

Summary of significant accounting policies**(c) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity, comprising Lakes Oil N.L., the parent entity and all entities which Lakes Oil N.L. controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the company has control. Details on the controlled entities are detailed in note 10.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(d) Foreign currency transactions*Transactions and Balances*

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange prevailing at the date of the transaction.

Note 1: Basis of Preparation (cont.)

(e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(f) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(g) Property, plant and equipment

Cost and valuations

Freehold land and buildings are shown at fair value less accumulated depreciation for buildings and accumulated impairment losses.

At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the assets.

All other classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment loss.

The carrying amount of plant and equipment is reviewed annually for impairment by directors to ensure it is not in excess of the recoverable amount from those assets. Refer to note 1(f).

Depreciation

Land is not depreciated. The depreciable amounts of all other plant and equipment is provided on a diminishing value basis. Leasehold improvements are depreciated on a straight-line basis over the lease term.

The useful lives for each class of assets are:

	2010	2009
- motor vehicles	5 years	5 years
- technical equipment	3-10 years	3 - 10 years
- computer equipment	3 years	3 years
- plant and equipment	7 years	7 years
- office equipment	8 years	8 years
- buildings	40 years	40 years
Leasehold improvements	The lease term	The lease term

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits identified with ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the period in which they are incurred.

Finance leases

The group currently has no finance leases.

Note 1: Basis of Preparation (cont.)

(i) Joint venture operations

Interests in joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred in accordance with AASB 131 "Joint Ventures".

(j) Exploration and evaluation costs

Costs arising from exploration activities are carried forward provided such costs are expected to be recouped through successful development or sale, or exploration activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. AASB 6 "Exploration for and Evaluation of Mineral Resources" requires that the company perform impairment tests on those assets when facts and circumstances suggest that the carrying amount may be impaired.

Exploration expenses are recognised on a net basis.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation

Costs on production areas are amortised over the life of the area of interest to which such costs relate on the production output basis. The entity does not currently have any production areas.

Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, platform removal and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs that have been discounted to their present value. Any changes in the estimates are adjusted on a retrospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such wells in the future.

(k) Payables

Liabilities for trade creditors and other amounts are carried at cost after the initial recognition of the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

(l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(m) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Control of the right to receive the interest payment.

Sale of Investments

In respect of sales of fixed assets or investments, the proceeds arising from their sale are recognised when control of the asset is passed to the buyer

All revenue is stated net of the amount of goods and services tax (GST).

Note I: Basis of Preparation (cont.)

(o) Taxes

Income tax losses

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current and deferred tax assets arising in respect of tax losses for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(p) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Provision for long service leave is classified as current where the employee is entitled to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.

Defined contribution superannuation fund

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period as employee services are received.

Share-based payments

There is no formal share option plan. However, from time to time share options and partly paid shares are granted to directors, employees and consultants on a discretionary basis. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date.

(q) Third Party Share-based payments

From time to time share options are granted to third party consultants on a discretionary basis for services rendered. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the services were provided.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date.

(r) Financial Instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation at each reporting date.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on current bid prices.

Non-listed investment for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Note 1: Basis of Preparation (cont.)

Held-to-Maturity Investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. These are measured at amortised cost using the effective interest rate method.

Loans and Receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(s) New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

(t) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(u) Rounding Amounts

The consolidated entity is of a kind referred to in ASIC Class Order 98/0100 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

Note 2: Critical Accounting Estimates and Judgements

Estimates and judgements are based on past performance and management's expectation for the future.

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below.

(a) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Employee benefits

Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.

(c) Share based payments

Calculation of share based payments requires estimation of the timing of the exercise of the underlying equity instrument. The estimates are based on historical trends and are calculated using the Black Scholes method.

(d) Deferred exploration expenditure

Exploration expenditure is carried forward when management expect that the expenditure can be recouped through successful development and exploration of the area of interest. In this event management will consider impairment of deferred exploration expenditure in accordance with note 1(f) and 1(j).

Where sufficient data does not exist to indicate successful development and there is an ongoing commitment to significant exploration in the area of interest, the exploration expenditure is carried forward.

Note 2: Critical Accounting Estimates and Judgements (cont.)

(e) Provision for Restoration Costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the deferred exploration expenditure. The costs include obligations relating to reclamation, waste site closure, platform removal and other costs associated with the restoration of the site. These costs are estimated and are based on the anticipated technology and legal requirements and future costs. These costs are also dependent on there being no significant changes to relevant federal and state legislation.

Note 3: Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

The group does not have any derivative instruments.

Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, market or price risk and credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The group does not currently have any interest bearing debt. Cash deposits attract interest at the prevailing floating interest rate. The consolidated entities exposure to interest rate risk at 30 June 2010 was:

- cash at bank – floating interest rate 4.21% (2009 4.00%)

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group is not exposed to any material fluctuations in foreign currencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis. The group expects to settle its financial liabilities within 90 days.

Market or Price Risk

Market or price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk)

Investments in listed securities at fair value through profit and loss are measured at fair value at reporting date based on current bid prices. If security prices were to increase/decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and the equity is below. This risk is managed by monitoring security prices on a regular basis.

	2010	2009
	\$'000	\$'000
+/- 10% price variation	118	141
Impact on Profit after tax		
Impact on equity	118	141

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to cash on hand or any single receivable or group of receivables under financial instruments entered into by the economic entity. This risk is managed by ensuring the group only trades with parties that are able to trade on the group's credit terms. Additionally cash at bank is held with a major Australian bank.

All financial assets at fair value through profit and loss are classified as level 1 being instruments with quoted prices in active markets using the fair value hierarchy.

Fair values

The net fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Note 4: Revenue

	2010	2009
	\$'000	\$'000
REVENUE FROM CONTINUING OPERATIONS		
Other revenues		
Interest - Other persons/corporations	58	276
Operator fees	-	24
Tax Rebate – Research and Development	388	-
Gain on sale of property plant & equipment	3	-
Other Income	8	-
Total revenues from continuing operations	457	300

Note 5: Loss from Continuing Operations

Loss from continuing operations before income tax has been determined after the following specific expenses:

(a) Employee benefits expense

Wages and salaries	664	491
Superannuation costs	66	51
Expense of share – based payments	60	225
Other employee related costs	92	81
Total employee benefits expenses	882	848

(b) Depreciation of non-current assets

Plant and equipment	2	3
Office equipment	4	3
Motor vehicles	11	14
Computer equipment	39	42
Buildings	13	11
Technical equipment	2	2
Leasehold Improvements	51	60
Total depreciation expenses	122	135

(c) Other expenses from ordinary activities include:

Travel and accommodation	76	62
Share registry costs and listing fees	293	153
Legal fees	332	376
Directors fees	200	107
Insurance premiums	143	153
Bad Debt	-	-
Office expenses	463	358
Miscellaneous expenses	-	10
	1,507	1,219
Less portion attributed to exploration permits capitalised	(450)	(260)
Total other expenses from ordinary activities	1,057	959

(d) Specific items

There are no additional revenues or expenses whose disclosure is relevant in explaining the financial performance of the entity.

Notes to the Financial Statements (cont.)

Note 6: Income Tax

	2010	2009
	\$'000	\$'000
(a) The components of tax expense:		
Current tax	-	-
Deferred tax	-	-
Under (over) provision in prior years	-	-
	<hr/>	<hr/>
Total income tax expenses	<hr/> <hr/>	<hr/> <hr/>

(b) Income tax benefit

The prima facie tax, using tax rates applicable in the country of operation, on profit/(loss) differs from the income tax provided in the financial statements as follows:

Loss from ordinary activities	(6,248)	(2,992)
Prima facie tax benefit on loss from ordinary activities at 30%	(1,874)	(898)
Tax effect of (deductible)/non-deductible expenses	(1,646)	45
Income tax benefit adjustment from prior year	(326)	-
Add:	<hr/>	<hr/>
Benefit of tax losses not brought to account	3,846	853
Income tax expense attributable to ordinary activities	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
Income tax losses		
Deferred tax assets arising from tax losses of the economic entity not brought to account at balance date as realisation of the benefit is not probable.	19,394	15,548
	<hr/> <hr/>	<hr/> <hr/>

The amount of deferred tax assets which may be realised in the future is dependent on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic entity will drive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Note 7: Receivables

CURRENT

Trade debtors	12	416
GST receivable	63	177
Related Party Debtors	38	10
	<hr/>	<hr/>
	113	603
	<hr/> <hr/>	<hr/> <hr/>

(a) Terms and conditions

Terms and conditions relating to the above financial instruments

- (i) Trade debtors are non-interest bearing and generally on 30 day terms.

(b) Related party receivables

Details of the terms and conditions of related party receivables are set out in note 21.

Note 8: Other Current Assets

	2010	2009
	\$'000	\$'000
Prepayments	117	45
Accrued interest	3	39
	120	84

Note 9: Other Financial Assets

CURRENT

Bonds and guarantees for property leases	22	22
	22	22

Terms and conditions

Terms and conditions relating to the above financial instruments

- (i) Bonds and guarantees for property leases are non-interest bearing and are refunded upon the termination of the lease contract.

Note 10: Financial Assets at Fair Value through Profit or Loss

(a) Investments in listed securities at fair value through profit or loss comprise

Stellar Resources	2	2
Strategic Resources	13	11
Greenearth Energy Ltd.	1,167	1,400
	1,182	1,413

At the beginning of the financial year Lakes Oil N.L. held 13,333,333 unlisted options in Flow Energy Limited (Flow) (formerly Gippsland Offshore Petroleum Limited). These were issued inter alia to the Company at the time of initial ASX Listing of Flow. Upon the exercise of the "initial" 20 cent options by November 2009, 13,333,333 would then be granted to Lakes Oil N.L. at an exercise price of 40 cents and with an expiry date any time up to two years from the date of issue. These options, which had no value for financial reporting purposes were allowed to lapse.

Lakes Oil N.L. holds 8,333,334 unlisted options in ASX listed company Greenearth Energy Limited ("GER"). These were issued inter alia to the company at the time of initial ASX listing of GER. Upon exercise of the "initial" 45 cent options (by 30 September 2010) 8,333,334 would then be granted at an exercise price of 60 cents and with an expiry date any time up to two years from the date of issue.

(b) Investments in controlled entities unlisted and carried at cost less impairment losses comprise

Name of Controlled Entity	Country of Incorporation	Percentage of equity interest held by the consolidated entity	
		2010	2009
Lakes Oil, Inc.	U.S.A.	100%	100%
Mirboo Ridge Pty. Ltd.	Australia	100%	100%
Petro Tech Pty. Ltd.	Australia	100%	100%
Otway Resources Pty. Ltd.	Australia	100%	100%
Commonwealth Mining Pty. Ltd.	Australia	100%	100%
Geothermal Energy Victoria Pty. Ltd.*	Australia	100%	100%
The Gippsland Gas Corp. Pty. Ltd.	Australia	100%	100%
Gippsland Petroleum Pty. Ltd.	Australia	100%	100%
Poolawanna Petroleum Pty Ltd.	Australia	100%	100%

* - investment held by Petro Tech Pty Ltd

Notes to the Financial Statements (cont.)

Note 11: Property, Plant and Equipment

	2010	2009
	\$'000	\$'000
<i>Plant and equipment</i>		
At cost	17	16
Accumulated depreciation	(8)	(5)
	<u>9</u>	<u>11</u>
<i>Motor vehicles</i>		
At cost	100	133
Accumulated depreciation	(59)	(72)
	<u>41</u>	<u>61</u>
<i>Office equipment</i>		
At cost	57	54
Accumulated depreciation	(34)	(30)
	<u>23</u>	<u>24</u>
<i>Computer equipment</i>		
At cost	275	256
Accumulated depreciation	(230)	(195)
	<u>45</u>	<u>61</u>
<i>Technical equipment</i>		
At cost	29	29
Accumulated depreciation	(25)	(23)
	<u>4</u>	<u>6</u>
<i>Leasehold Improvements</i>		
At cost	250	250
Accumulated Depreciation	(148)	(97)
	<u>102</u>	<u>153</u>
<i>Land</i>		
At cost	531	531
<i>Buildings</i>		
At cost	204	204
Accumulated Depreciation	(27)	(14)
	<u>177</u>	<u>190</u>
<i>Total land and buildings</i>		
At Cost	735	735
Accumulated depreciation	(27)	(14)
	<u>708</u>	<u>721</u>
Total property, plant and equipment	<u>932</u>	<u>1,037</u>

Reconciliations

Reconciliation of the carrying value of plant and equipment at the beginning and end of the current and previous financial year.

<i>Plant and equipment:</i>		
Carrying amount at beginning	11	-
Additions	-	14
Depreciation	(2)	(3)
	<u>9</u>	<u>11</u>
<i>Motor vehicles</i>		
Carrying amount at beginning	61	75
Depreciation	(11)	(14)
Disposals	(9)	-
	<u>41</u>	<u>61</u>
<i>Office equipment</i>		
Carrying amount at beginning	24	10
Additions	3	17
Depreciation	(4)	(3)
	<u>23</u>	<u>24</u>
<i>Computer equipment</i>		
Carrying amount at beginning	61	32
Additions	23	71
Depreciation	(39)	(42)
	<u>45</u>	<u>61</u>
<i>Technical equipment</i>		
Carrying amount at beginning	6	8
Depreciation	(2)	(2)
	<u>4</u>	<u>6</u>
<i>Leasehold</i>		
Carrying amount at beginning	153	-
Additions	-	213
Depreciation	(51)	(60)
	<u>102</u>	<u>153</u>

Note 11: Property, Plant and Equipment (cont.)

	2010	2009
	\$'000	\$'000
<i>Land</i>		
Carrying amount at beginning	531	531
	<u>531</u>	<u>531</u>
<i>Buildings</i>		
Carrying amount at beginning	190	111
Additions	-	90
Depreciation	(13)	(11)
	<u>177</u>	<u>190</u>
Total Land and Buildings		
Carrying amount at beginning	721	642
Additions	-	90
Depreciation	(13)	(11)
	<u>708</u>	<u>721</u>

Note 12: Deferred Exploration, Evaluation and Development Costs

Exploration and evaluation costs carried forward in respect of mining areas of interest:

Pre-production

- exploration and evaluation phases

Balance at the beginning of the year brought forward	45,161	42,703
Add: net expenditure incurred during the year	8,211	2,696
Less: net expenditure written off during the year	(3,005)	(238)
Total exploration and evaluation costs carried forward	<u>50,367</u>	<u>45,161</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective permit areas.

A retention lease application for part of PEPI 58 was declined by the DPI in the year. An amount of \$2,778,834 of deferred exploration expenditure relating to this permit was written off to the profit and loss. An additional amount of \$226,628 of exploration expenditure was also written off to the profit and loss after undertaking activities where the recoupment of these expenses by development or sale was not likely.

Note 13: Payables (Current)

Trade creditors	436	1,550
Related Party Creditors	-	43
Other creditors	24	168
	<u>460</u>	<u>1,761</u>

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and normally are settled on 30 day terms.
- (ii) Other creditors are non-interest bearing and are settled on 30 to 90 day terms, following billing by suppliers.

(b) Related party payables

Details of the terms and conditions of related party payables are set out in Note 21.

Notes to the Financial Statements (cont.)

Note 14: Provisions

	2010	2009
	\$'000	\$'000
Current		
Employee benefits	127	68
Non current		
Employee benefits	15	39
Restoration costs	(a) 300	285
	<u>315</u>	<u>324</u>
(a) Restoration Costs		
Opening Balance	285	300
Amounts Provided	15	-
Amounts Used	-	(15)
	<u>300</u>	<u>285</u>

Note 15: Contributed Equity

(a) Issued and paid up capital

Ordinary shares fully paid, 5,499,901,461 (2009: 4,462,095,386) shares.	(b) 94,419	84,329
Other rights to ordinary shares	(c) 187	-
	<u>94,606</u>	<u>84,329</u>

(b) Movements in shares on issue

	2010		2009	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	4,462,095,386	84,329	4,262,095,386	83,403
Issued during the year				
- public equity raising	1,037,806,075	10,378	200,000,000	1,000
- less share issue costs		(288)		(74)
End of the financial year	<u>5,499,901,461</u>	<u>94,419</u>	4,462,095,386	84,329

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(c) Other rights to ordinary shares

	2010		2009	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial year	-	-	-	-
Issued during the year				
- Partly paid shares with a right to ordinary shares	186,500,000	187	-	-
End of the financial year	<u>186,500,000</u>	<u>187</u>	-	-

Note 15: Contributed Equity (cont.)

(c) Other rights to ordinary shares (cont.)

The issuance of partly paid shares has replaced the issuance of options as a component of the remuneration strategy. Partly paid shares are an effective way for the directors to give employees a chance to share in the success of the company and enhance the ability of the company to retain staff of the required calibre, at a lower rate of remuneration that might otherwise be required.

As part of the directors' annual remuneration review, consideration is given to individual employee's performance, workload and dedication to achieving the company's objectives when deciding whether or not to award partly paid shares as an incentive.

During the year 186,500,000 partly paid ordinary shares were issued to Directors, staff and external consultants. These shares were issued at a price of 1.5 cents each paid to 0.1 cents. The shares are to be paid in full at any time up to and including 30 September 2014 subject to certain terms and conditions. The partly paid shares will be forfeited if the unpaid amount remains unpaid at that date but the holder does not remain liable to pay the unpaid amount. At general meetings, on a poll every Member present in person or by proxy or attorney or by duly authorised representative has a fraction of a vote for every partly paid share equivalent to the proportion which the amount paid up bears to the total issue price of the share.

The price paid of 0.1 cents was 10% of the market price at that date the Partly Paid Shares were issued. The remaining component of 1.4 cents represents a premium above the current price. Should the price go above this price during the 5 year period then the employees would most likely pay the remaining 1.4 cents to convert the shares to fully paid ordinary shares.

Given that there is no requirement to pay the remaining 1.4 cents and that it represents a premium above the market price this remaining component cannot be straight lined as the vesting date is considered to be the grant date and there is no guarantee of value.

(d) Share Options

(I) Issued to Directors and Staff

In previous years the issue of options has provided an effective way for the directors to give employees a chance to share in the success of the company and enhance the ability of the company to retain staff of the required calibre, at a lower rate of remuneration that might otherwise be required.

As part of the directors annual remuneration review, consideration is given to individual employee's performance, workload and dedication to achieving the company's objectives when deciding whether or not to award options as an incentive.

The effectiveness of issuing options as a remuneration strategy has declined in recent years. In 2010 partly paid shares replaced options as a component of the remuneration strategy. (Refer Note 15)

(i) Options held at the beginning of the reporting period

The following options were held by directors and staff as at 1 July 2009:

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price
19,500,000	24 Nov 2004	24 Nov 2004	17 Nov 2009	7.14 cents
2,400,000	6 June 2005	6 June 2005	17 Nov 2009	7.14 cents
26,500,000	17 Aug 2005	17 Aug 2005	17 Nov 2009	5 cents
3,750,000	10 Jan 2006	10 Jan 2006	17 Nov 2009	3 cents
5,600,000	7 Mar 2007	7 Mar 2007	17 Nov 2009	3 cents
9,850,000	9 Feb 2008	9 Feb 2008	9 Jan 2013	1.5 cents
<u>67,600,000</u>				

(ii) Options granted during the period

No options were granted during the period.

(iii) Options exercised

No options were exercised by staff or directors during the financial year.

Note 15: Contributed Equity (cont.)

(d) Share Options (cont.)

(1) Issued to Directors and Staff (cont.)

(iv) Options expired

The following options lapsed during the financial year.

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price
19,500,000	24 Nov 2004	24 Nov 2004	17 Nov 2009	7.14 cents
2,400,000	6 June 2005	6 June 2005	17 Nov 2009	7.14 cents
26,500,000	17 Aug 2005	17 Aug 2005	17 Nov 2009	5 cents
3,750,000	10 Jan 2006	10 Jan 2006	17 Nov 2009	3 cents
5,600,000	7 Mar 2007	7 Mar 2007	17 Nov 2009	3 cents
<u>57,750,000</u>				

(v) Options held as at the end of the reporting period

The following options held by directors and staff up to and including 30 June 2010:

Number of Options	Grant Date	Vesting Date	Expiry Date	Exercise Price
9,850,000	9 Feb 2008	9 Feb 2008	9 Jan 2013	1.5 cents
<u>9,850,000</u>				

The volatility is determined by using Lakes Oil N.L.'s historical volatilities on a 6 and 12 month basis as well as considering the historical volatilities of 5 other comparable listed companies prior to grant date. Historical volatility has been the basis for determining expected future share price volatility. No options have been granted during the 2009/10 financial year nor were any granted in the 2008/2009 financial year.

(2) Issued to third parties – Former Consultants

At the beginning of the year there was a balance of options previously granted to former consultants. Each option entitled the holder to acquire one fully paid ordinary share in the company at various prices per share at any time up to and including 11 November 2009 subject to standard terms and conditions attached to Lakes Oil NL options. All of these options expired in the year.

	Total
Balance at start of year	24,500,000
Transferred from staff during the year	-
Options expired	<u>(24,500,000)</u>
Balance at end of year	<u>-</u>

(e) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as ensuring there are sufficient funds to meet exploration commitments, which is performed via monitoring of historical performance and cashflow forecasts.

Note 16: Reserves and Accumulated Losses

	2010	2009
	\$'000	\$'000
Third party options reserve (a)	-	346
Employee equity benefits reserve (b)	15	905
Accumulated losses (c)	<u>39,120</u>	<u>34,168</u>

Note 16: Reserves and Accumulated Losses (cont.)

	2010	2009
	\$'000	\$'000
(a) Third party options reserve		
(i) Nature and purpose of reserve		
This reserve represents the fair value of options granted to third parties as detailed in Note 15.		
(ii) Movement in reserve		
Balance at beginning of year	346	346
Options expired	(346)	-
Balance at end of year	-	346
(b) Employee equity benefits reserve		
(i) Nature and purpose of reserve		
This reserve represents the fair value of options that is attributable up to 30 June 2010 granted to staff and directors as detailed in Note 15.		
(ii) Movement in reserve		
Balance at beginning of year	905	680
Share based payments	60	225
Options expired	(950)	-
Balance at end of year	15	905
Total Reserves	15	1,251
(c) Accumulated losses		
Balance at the beginning of the year	34,168	31,176
Net loss attributable to members of Lakes Oil N.L.	6,248	2,992
Values of options expired in year - transferred from equity reserves	(1,296)	-
Balance at the end of the year	39,120	34,168

Note 17: Cash Flow Information

(a) Reconciliation of the operating loss after tax to the net cash flows from operations

Net loss	(6,248)	(2,992)
Non-Cash Items		
Depreciation of plant and equipment	122	135
Exploration and evaluation costs written off	3,005	238
(Profit)/loss on sale of listed securities	-	(18)
Loss/(Gain) on fair value of investments held	231	(189)
(Gain) on sale of fixed assets	(3)	-
Employee equity share based payments	60	225
Changes in assets and liabilities		
(Increase) in exploration and evaluation costs carried forward	(8,211)	(2,696)
Decrease/(increase) in receivables	490	(116)
(Increase)/decrease in other current assets	(36)	51
(Decrease)/Increase in payables	(1,301)	1,316
Increase in employee benefit provisions	35	41
Increase/(decrease) in restoration costs provision	15	(15)
Net cash flows used in operating activities	(11,841)	(4,030)

Notes to the Financial Statements (cont.)

Note 17: Cash Flow Information (cont.)

(b) Reconciliation of cash

	2010	2009
	\$'000	\$'000
Cash at bank	3,666	5,244
Cash on hand	1	1
Total cash	<u>3,667</u>	<u>5,245</u>

Note 18: Loss Per Share

Net loss	(6,248)	(2,992)
Adjustments:		
- nil		
Loss used in calculating basic and diluted earnings per share	(6,248)	(2,992)
Weighted average number of ordinary shares on issue used in calculating basic earnings per share	5,312,033,562	4,268,670,728
Effect of dilutive securities:		
- Partly Paid Shares	47,519,178	-
- Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	5,359,552,741	4,268,670,728
Basic loss per share (cents per share)	(0.12)	(0.07)
Diluted loss per share (cents per share)	(0.12)	(0.07)

In respect to the years ended 30 June 2009 and 2010, the basic loss per share equated to the diluted loss per share. Outstanding options are not considered to be dilutive due to the material differences between the exercise prices of the options and the prevailing share prices at the respective balance dates.

At 30 June 2010 the quoted market price of Lakes Oil N.L. shares was less than the exercise price of the options.

Conversion, calls, subscriptions or issues after 30 June 2010

The Company issued 5,000,000 partly paid shares at a price of 1.5 cents paid to 0.1 cents on 3rd August 2010. These shares were issued to non-director staff on identical terms and conditions as an earlier issue of partly paid shares, described more fully in Note 15.

On 16 September 2010 the Company placed 210,000,000 ordinary fully paid shares. The issue, at 0.65 cents per share, raised \$1,365,000 before brokerage for on-going exploration activities.

Note 19: Expenditure Commitments & Contingencies

(a) Lease expenditure commitments

Operating leases (non-cancellable)		
Minimum lease payments		
- not later than one year	314	210
- later than one year and not later than five years	936	1,404
Aggregate lease expenditure contracted for at balance date	<u>1,250</u>	<u>1,614</u>

These commitments represent payments due for leased premises under a non-cancellable operating lease. The lease is due to expire on 1 July 2014.

(b) Bank Guarantees in relation to rental premises and permits

Maximum amount bank may call	<u>262</u>	<u>226</u>
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(c) Exploration commitments

The company retains interests in exploration tenements via direct ownership and participation in joint ventures. To continue these interests a work program is maintained in each tenement for various periods up to five years. The work programs have minimum expenditure requirements and carry no formal commitments or legal obligations but are an indication of the tasks required to be completed to retain the permit.

If a decision is made to proceed with further exploration the group may spend up to \$5.8 million in the period to 30 June 2011.

Note 19: Expenditure Commitments & Contingencies (cont.)

(d) Contingent Assets & Liabilities

There were no contingent assets or liabilities outstanding at balance date, nor were there any contingent assets or liabilities at the end of the previous financial year.

Note 20: Auditor's Remuneration

	2010	2009
	\$'000	\$'000
Amounts paid or due and payable to Pitcher Partners		
- An audit and review of the financial report of the entity and any other entity in the consolidated entity	65	58
- Other services, in relation to the entity and any other entity in the consolidated entity		
- Tax compliance	13	10
- Tax Advice	11	-
- Tax Due Diligence services	22	6
	<u>111</u>	<u>74</u>

Note 21: Related Party Disclosures

(i) Ultimate parent

Lakes Oil N.L. is the ultimate Australian parent entity.

(ii) Director-related entity

Greeneath Energy Limited is a director-related entity of Lakes Oil N.L. Lakes Oil N.L. is a substantial shareholder of Greeneath Energy Limited with a 17.21% share interest.

(iii) Wholly-owned group transactions

As at 30 June 2010, an amount of \$47,139,829 (2009: \$39,541,271) was receivable by Lakes Oil N.L. from its various controlled entities (refer Note 10). The loans are unsecured and interest free.

(iv) Other related party transactions

Receivables

During this financial year and previous financial years, Lakes Oil N.L. settled accounts with consultants and contractors on behalf of the Trifon Tight Gas Project Farm-in and Joint Venture (Trifon). An additional \$226,180 was incurred in the year ended 30 June 2010. An agreement was reached between the Joint Venture partners whereby Lakes Oil N.L.'s interest in Trifon was increased by 7.5% from 50.0% to 57.5% in consideration for this amount receivable of \$633,462. As at 30 June 2010 an amount of \$nil was receivable by Lakes Oil N.L. (2009: nil)

During this financial year and previous financial years, Lakes Oil N.L. settled accounts with consultants and contractors on behalf of Greeneath Energy Limited. As at 30 June 2010 an amount of \$38,218 (2009: \$9,876) was receivable by Lakes Oil N.L.

Payables

During this financial year Greeneath Energy Limited did not settle any accounts with consultants and contractors on behalf of Lakes Oil N.L. The total paid in the previous financial year was \$167,632. As at 30 June 2010, an amount of \$nil (2009: \$53,169) was payable by Lakes Oil N.L.

(v) Director transactions

During the year ended 30 June 2010, an amount of \$395,000 excluding GST (2009: \$395,000) was paid by Lakes Oil N.L. to Arc de Triomphe Securities Pty. Ltd., a company associated with Mr. R.J. Annells, a Director of the company, in respect of consulting services provided by him to the Group.

During the year ended 30 June 2010 an amount of \$8,000 excluding GST (2009: Nil) was paid by Lakes Oil N.L. to Mr. B. Berold, a director of Lakes Oil N.L., in respect of consulting services provided by him to the Group.

All amounts paid to Directors and director-related entities were charged on commercial and arm's-length terms and conditions.

(vi) Loans to Key Management Personnel

There are no loans made by Lakes Oil N.L. to key management personnel or any related party.

Notes to the Financial Statements (cont.)

Note 22: Segment Information

The Group has two reportable segments as described below:

Segment 1: Exploration for hydrocarbon reserves, principally in on-shore regions of Victoria, Australia.

Segment 2: Investment in entities engaged in exploration for energy reserves.

2010	Segment 1 \$'000	Segment 2 \$'000	All other segments \$'000	Total \$'000
Segment revenue				
Total segment revenue	399	(231)	-	168
Revenue from external source	399	(231)	-	168
Segment result				
Total segment result	(5,953)	(231)	-	(6,184)
Segment result from external source	(5,953)	(231)	-	(6,184)
Interest revenue				58
Depreciation and amortisation				(122)
Loss before income tax				(6,248)
2009				
	Segment 1 \$'000	Segment 2 \$'000	All other segments \$'000	Total \$'000
Segment revenue				
Total segment revenue	24	189	-	213
Revenue from external source	24	189	-	213
Segment result				
Total segment result	(3,322)	189	-	(3,133)
Segment result from external source	(3,322)	189	-	(3,133)
Interest revenue				276
Depreciation and amortisation				(135)
Loss after income tax				(2,992)

All assets and liabilities on the statement of financial position relate to Segment 1 with the exception of financial assets at fair value through the profit and loss which relate to Segment 2. These assets are disclosed in Note 10.

Note 23: Subsequent Events

In August 2010 Lakes Oil N.L. and Beach Energy Limited (Beach) signed an unconditional \$50 million agreement to further test the gas potential of the onshore Gippsland Basin, in Eastern Victoria. This signing follows an earlier conditional arrangement announced on 14th April 2010 where Beach can earn up to a 50 per cent interest in the Petroleum Retention Lease 2 (PRL2) which contains the Wombat and Trifon tight gas fields.

The Company issued 5,000,000 partly paid shares at a price of 1.5 cents paid to 0.1 cents on 3rd August 2010. These shares were issued to non-director staff on identical terms and conditions as an earlier issue of partly paid shares, described more fully in Note 15.

On 16 September 2010 the Company placed 210,000,000 ordinary fully paid shares. The issue, at 0.65 cents per share, raised \$1,365,000 before brokerage for on-going exploration activities.

Note 24: Interest in Permits

As at 30 June 2010, the economic entity held interests in various unincorporated joint ventures. Apart from its share of the exploration permits which are the subject of the Ventures, the Company has no interest in any other Joint Venture assets. As at balance date, the Company had no outstanding amounts owing in respect of its respective Joint Ventures.

At 30 June 2010, the petroleum permits in which the Lakes Oil Group had an interest are as follows:

Note 24: Interest in Permits (cont.)

Joint Venture or Permit name	Location (basin name)	Registered holder	Group interest	
			2010	2009
PEP 163	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PEP 164	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PEP 169	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PRL 2 – Overall Permit*	Gippsland	Petro Tech Pty. Ltd.	100.00%	100.00%
PRL 2 – Trifon Field*	Gippsland	Petro Tech Pty. Ltd.	57.50%	50.00%
PRL 3	Gippsland	Petro Tech Pty. Ltd.	100.00%	100.00%
PEP158	Gippsland	Petro tech Pty. Ltd	-	100.00%
PEP 166	Gippsland	Petro Tech Pty. Ltd	100.00%	100.00%
PEP 166 – Gormandale Block*	Gippsland	Petro Tech Pty. Ltd	100.00%	100.00%
Eagle Prospect	California USA	Lakes Oil, Inc.	15.00%	15.00%
ATP 560P (Mclver)	Eromanga	Lakes Oil N.L.	-	50.00%
ATP 560P (Ueleven)	Eromanga	Lakes Oil N.L.	-	25.00%

The principal activity of each of the joint ventures listed above is the evaluation and exploration of oil and gas prospects.

*These permits are subject to agreements where other parties can earn up to a 50% interest in the permit by conducting certain exploration activities.

Note 25: Parent Entity Abridged Financial Statements

As at, and throughout the financial year ended 30 June 2010, the parent company of the economic entity was Lakes Oil N.L.

	Parent Entity	
	2010	2009
	\$'000	\$'000
Summarised Statement of Comprehensive Income		
Loss for the year after tax	(6,505)	(3,198)
Other comprehensive Income	-	-
Total Comprehensive Income for the year	(6,505)	(3,198)
Summarised Statement of Financial Position of the Parent Entity at Year End		
Current Assets	49,011	46,646
Non-Current Assets	1,307	1,106
Total Assets	50,318	47,752
Current Liabilities	587	1,829
Non-Current Liabilities	15	39
Total Liabilities	602	1,868
Net Assets	49,716	45,884
Total equity of the parent entity comprising:		
Share capital	94,419	84,329
Reserves	202	1,251
Retained Earnings	(44,905)	(39,696)
Total Equity	49,716	45,884

The directors declare that the financial statements and notes set out on pages 25 to 43 are in accordance with the Corporations Act 2001:

- complying with Accounting Standards in Australia and *Corporations Regulations 2001*; and
- As stated in note 1, the consolidated financial statements also comply with International Reporting Standards and;
- Give a true and fair view of the financial position of the consolidated entity as at 30 June 2010 and its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Lakes Oil N.L. will be able to pay its debts as and when they become due and payable. This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

This declaration is made in accordance with a resolution of the directors.

ROBERT J. ANNELLS

Chairman

Signed at Melbourne, Victoria, 30 September 2010



**LAKES OIL N.L.
ABN 62 004 247 214
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LAKES OIL N.L**

We have audited the accompanying financial report of Lakes Oil N.L. and controlled entities. The financial report comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**LAKES OIL N.L.
ABN 62 004 247 214
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LAKES OIL N.L**

Auditor's Opinion

In our opinion,

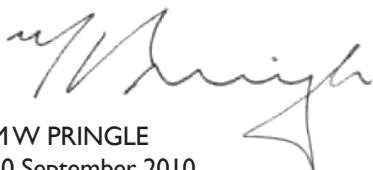
- (a) the financial report of Lakes Oil N.L. is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note I.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Lakes Oil N.L. and controlled entities for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



M W PRINGLE
30 September 2010



PITCHER PARTNERS
Melbourne

The following information is provided pursuant to Australian Stock Exchange Limited ("ASX") Listing Rule 4.10.

Substantial Shareholders

There is no shareholder with 5% or more of the issued capital.

Shareholder Distribution

The issued capital of the company comprised

- (a) fully paid ordinary shares
- (b) 191,500,000 "Directors, Staff and external Consultants" partly paid ordinary shares at a price of 1.5 cents each paid to 0.1 cents. The shares are to be paid in full at any time up to and including 30 September 2014 subject to certain terms and conditions. The partly paid shares will be forfeited if the unpaid amount remains unpaid at that date but the holder does not remain liable to pay the unpaid amount.
- (c) 9,850,000 "Staff and external Consultants" options which entitle the holder to acquire one fully paid ordinary share in the capital of the company at 1.5 cents per share at any time up to, and including 09 January 2013 subject to certain terms and conditions.

Distribution of Ordinary Shares

The company's Register of Shareholders at 31 August 2010 disclosed a total of 11,837 shareholders. The distribution of these shareholdings is tabled below.

Category of shareholders	Number of shareholders	Number of shares held	Percentage of total
1 - 1,000	319	101,079	0.00
1,001 - 5,000	226	724,961	0.01
5,001 - 10,000	430	3,759,009	0.07
10,001 - 100,000	4,674	245,966,115	4.47
1 00,001 - and over	6,169	5,249,350,297	95.45
	11,818	5,499,901,461	100.00

The number of shareholders that held less than a "marketable parcel" of shares (being 71,429 shares) was 4,308. These shareholders held a total of 127,022,930 fully paid ordinary shares in the company as at that date, representing approximately 2.3% of the total issued share capital of the company as at that date.

Voting Rights

Subject to the rights or restrictions attached to any shares, on a show of hands every Member present at a general meeting in person or by proxy or attorney or by his or her duly appointed representative shall have one vote.

Quotation of Securities

The company's fully paid ordinary shares are included on the Official List of the Australian Stock Exchange Limited (code: LKO).

Twenty Largest Shareholders

Rank	Shareholder	Shares held	Percentage of capital
1	Encounter Bay Pty Ltd	51,250,000	0.93
2	Somnus Pty Ltd<Somnus Superannuation A/C>	50,000,000	0.91
3	Penleigh Banner Pty Ltd<The Purse Super Fund A/C>	45,000,000	0.82
4	Jarden Custodians Ltd	44,700,000	0.81
5	Sutton Nominees Pty Ltd<W M Gatacre Family Fund A/C>	37,500,000	0.68
6	PBL Investments Pty Ltd<Peter Begg Lawrence S/F A/C>	32,500,000	0.59
7	Escor Investments Pty Ltd,<Escor Invest Mid-Cap A/C>	31,487,500	0.57
8	Micallef Plumbing Industries Pty Ltd	26,826,513	0.49
9	Mr Jerry Hui Kang Gao	24,500,000	0.45
10	ANZ Nominees Limited<Cash Income A/C>	23,932,059	0.44
11	Mr Robert John Annells, RJ Annells Super Fund A/C>	23,750,000	0.43
12	Dunluce Superfund Pty Limited<Dunluce Private S/F A/C>	21,968,056	0.40
13	Citicorp Nominees Pty Ltd	21,825,827	0.40
14	Mr Stephen Kasa	20,000,000	0.36
15	Mr Marek Jan Wojt	19,800,000	0.36
16	T Penny Superannuation Fund Pty Ltd<T Penny Super Fund A/C>	17,833,924	0.32
17	Mr Maxwell Farr<L R F Super Fund A/C>	16,809,519	0.31
18	Elken Dell Investments Pty Ltd	16,800,000	0.31
19	Dymax Consultants Pty Ltd<Dymax Directors S/Fund A/C.	15,004,666	0.27
20	Unique Asset Pty Ltd	14,125,000	0.26
		555,613,064	10.11

Interest in Permits

At 16 September 2010, the petroleum permits in which the Lakes Oil Group had an interest are as follows:

Joint Venture or Permit name	Location (basin name)	Registered holder	Group interest	
			2010	2009
PEP 163	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PEP 164	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PEP 169	Otway	Mirboo Ridge Pty Ltd	100.00%	100.00%
PRL 2 – Overall Permit *	Gippsland	Petro Tech Pty. Ltd.	100.00%	100.00%
PRL 2 – Trifon Field*	Gippsland	Petro Tech Pty. Ltd.	57.50%	50.00%
PRL 3	Gippsland	Petro Tech Pty. Ltd.	100.00%	100.00%
PEP 158	Gippsland	Petro Tech Pty. Ltd.	-	100.00%
PEP 166	Gippsland	Petro Tech Pty. Ltd	100.00%	100.00%
PEP 166 – Gormandale Block *	Gippsland	Petro Tech Pty. Ltd	100.00%	100.00%
Eagle Prospect	California USA	Lakes Oil, Inc.	15.00%	15.00%
ATP 560P (Mclver)	Eromanga	Lakes Oil N.L	-	50.00%
ATP 560P (Ueleven)	Eromanga	Lakes Oil N.L.	-	25.00%

*These permits are subject to agreements where other parties can earn up to a 50% interest in the permit by conducting certain exploration activities.

The Board of Directors of Lakes Oil N.L. is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Lakes Oil N.L.'s corporate governance principles and policies are structured with reference to the Corporate Governance Council's best practice recommendations, which are as follows:

1. Lay solid foundations for management and oversight.
2. Structure the board to add value.
3. Promote ethical and responsible decision making.
4. Safeguard integrity in financial reporting.
5. Make timely and balanced disclosure.
6. Respect the rights of shareholders.
7. Recognise and manage risk.
8. Remunerate fairly and responsibly.

1. Lay Solid Foundations for Management and Oversight

The Board's responsibilities include development of strategy, oversight of management, risk management and compliance systems, and monitoring performance. The Board has established certain policies and protocols in relation to the Company's operations, some of which are summarised below.

It is the responsibility of management to administer the company in accordance with the directions and policies of the Board and within the powers delegated by the Board. The functions of each senior executive are delegated in his or her letter of appointment and changes are advised by the Chairman as delegated by the Board. The details of these functions are not publicly available.

The responsibilities of the Board are set out in the Board Charter.

Appointment and induction of senior executives is carried out in a manner appropriate to the size of the company. Performance is monitored and appraised on a continuous basis.

2. Structure the Board to Add Value

The Board comprises an Executive Chairman and three non-executive directors whose qualifications and experience are set out in the Directors' Report.

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. Recommendation 2.2 requires the Chairperson to be independent and Recommendation 2.3 requires the role of Chairperson and CEO should not be exercised by the same person. This company has found that the role of Chairperson and CEO continues to work very well for this company.

The three non-executive directors, Mr Barney Berold, Mr Peter B. Lawrence and Mr James HY Syme are all considered to be independent having regard to the definition of Independent Director as set out in the ASX Governance Principles. Mr Robert J. Annells is the Executive Chairman and is not considered to be independent. A description of the qualifications and experience of each director is set out in the Directors' Report.

Whilst not all recommendations are complied with because of the Company's size and cost considerations, the Board has an appropriate level of industry experience and business skills.

The company has no formal performance evaluation procedure for the Board. The informal, ongoing self evaluation by the Board is appropriate to its size.

The functions of a nomination committee are carried out by the full Board, therefore a separate nomination committee has not been formed. New Directors are recruited according to the company's needs from time to time. The company has no formal policy in regard to nomination of new Directors. Re-election of Directors is done in accordance with the Listing Rules and the company's Constitution.

Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the Company in relation to fulfilling their duties as directors.

Directors acknowledge the need to act in good faith in the interests of all shareholders.

3. Promote Ethical and Responsible Decision-making

Directors, management and staff are expected to act ethically and responsibly and in accordance with the company's Code of Conduct. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as directors.

The Company has a policy concerning trading in the Company's securities by Directors, management and staff. Trading in the Company's shares by Directors, Executives and Staff of the Company should only occur in circumstances where the market is considered to be fully informed of the Company's activities. This policy requires that Directors, Executives and Staff discuss their intention to trade in the Company's shares with the Executive Chairman of the Company prior to trading. The Board recognises that it is the individual responsibility of each Director and employee to carry this policy through.

The Company's Code of Conduct and Share Trading Policy, which are in accordance with the ASX Corporate Governance Principles may be viewed on the Company's website.

Lakes Oil N.L. recognises the need to understand the cultural and spiritual significance to the community of the area in which it is licensed to operate.

Lakes Oil N.L. will work closely with relevant community groups and people to identify significant cultural and heritage sites and any impact the Company's activities may have on them.

Lakes Oil N.L. is committed to protecting the environment and safeguarding public and employee health in all aspects of its operations. Environmental protection and safe conduct are the responsibility of Lakes Oil N.L., its employees, its alliance partners and suppliers of goods and services.

Specifically, Lakes Oil N.L. will:

- comply with the intent and provision of all applicable laws, regulations and standards;
- minimise environmental impact;
- ensure that employees, partners, suppliers and the public are made fully aware of Lakes Oil N.L.'s responsibility for the effect of its operations on the environment;
- ensure adequate management systems and procedures are in place to manage and mitigate the risks to the environment from Lakes Oil N.L.'s operations; and
- commit to continual improvement in environmental management performance.

Lakes Oil N.L.'s business ethos is to operate in a manner which addresses three fundamental principles to achieve balanced outcomes. These fundamental principles are:

- social acceptability
- economic viability; and
- environmental responsibility.

Lakes Oil N.L. is committed to meeting these objectives, to monitoring the meeting of these objectives and to amending its approach if it proves to be inadequate in complying with its stated intentions and plans. In addition, Lakes Oil N.L. is committed to the public dissemination of this information.

4. Safeguard Integrity in Financial Reporting

Recommendation 4.1 requires the CEO and CFO to sign a certificate regarding the financial reports giving a true and fair view and are in accordance with accounting standards. The Executive Chairman Mr. Robert Annells and the Chief Financial Officer Mr. Leslie Smith have certified that the financial reports give a true and fair view and are in accordance with accounting standards.

The Board has established an Audit and Compliance Committee consisting of Mr Peter B Lawrence BCom, MBA, FCPA (Chairman), Mr Barney I Berold BCom MBA and Mr James H Y Syme LLB, all of whom are non-executive Directors. The number of meetings attended by each member is set out in the Directors' Report.

The Audit Committee works under an Audit Committee Charter which can be viewed on the company's website.

It is the Board's responsibility to ensure that an effective internal control framework exists to examine the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the integrity of financial information, the implementation of quality assurance practices and procedures and ensuring compliance with environmental regulations.

4. Safeguard Integrity in Financial Reporting (cont.)

The Board continues to hold the responsibility for the establishment and maintenance of a framework of internal control mechanisms for the management of the Company.

At regular occasions the Board conducts:

- the review of accounting policies;
- the detailed review of the Company's annual, half yearly and quarterly financial reports;
- the effectiveness of accounting and internal control systems;
- addressing the findings of the external auditors;
- the assessment of the scope, quality and cost of the external audit;
- identifying areas of operation, regulatory and legal risk and procedures to ensure those risks are effectively managed; and
- ensuring that the auditors retain their independence and that the audit partner is changed periodically.
- ensuring that conflicts of interest do not arise from services provided by the Company's external advisors.

5. Make Timely and Balanced Disclosure

The Board and Senior Management are aware of the Continuous Disclosure requirements of the ASX and have procedures in place to disclose any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These procedures are contained in the company's Disclosure Policy.

Lakes Oil N.L. recognises that it has a legal and moral obligation to immediately disclose to the market any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The directors and senior management personnel of Lakes Oil N.L. acknowledge that they each have an obligation to identify and immediately disclose information that may be regarded as material to the price or value of the Company's securities.

The Chairman is authorised to make statements and representations on Lakes Oil N.L.'s behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public. The Secretary must inform the Directors, senior management and employees of Lakes Oil N.L.'s continuous disclosure obligations on a quarterly basis.

The Directors and senior management personnel must ensure that the Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market must be the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received and after the information is posted on the Company's website may the information be presented.

If information that would otherwise be disclosed comprises matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of the Company's securities is unknown, Lakes Oil N.L. may request that the ASX grant a trading halt or suspend its securities from quotation. Management of Lakes Oil N.L. may consult the Company's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

6. Respect the Rights of Shareholders

The Board aims to ensure in accordance with the Recommendation 6.1 that all shareholders are informed of major developments affecting the affairs of the Company. Information is communicated to the shareholders through the annual, half year, quarterly reports, disclosures made to the ASX, notices of meetings and occasional letters to shareholders where appropriate.

The company maintains a website on which is placed company announcements, the Annual Report and company policies. The company's Communications Policy is within the Disclosure Policy which can be accessed on the company's website.

The auditor is invited to the Annual General Meeting for the purpose of answering shareholders' questions.

7. Recognise and Manage Risk

The Board has responsibility for managing risk and internal control and acknowledges that risk management is a core principle of sound Corporate Governance. The financial viability, reputation and future of the company are materially dependent on the manner in which risk is managed.

The Board's strategy covers the areas of Financial Risk, Operational Risk, Insurance and Internal Control. The company has not appointed

7. Recognise and Manage Risk (cont.)

a Risk Management Committee due to the importance the Board places on risk mitigation. In addition, the small size of the Board makes it appropriate for the full board to manage this area.

Financial Risk

The Board receives regular financial reports which measure performance and trends against budget. The reports are discussed at Board Meetings and the Chief Financial Officer answers questions posed by the Directors. Any variations from budget are highlighted, explained and evaluated. This scrutiny is appropriate to a company of the size of Lakes Oil NL. In addition to monthly financial reporting, the company has in place policies to manage credit, foreign exchange and other business risks. Non-executive Directors meet at appropriate times with the external auditor in order to fulfil the Audit Committee Charter. This Charter may be viewed on the company's website.

Operational Reporting

Projects are approved only after extensive review by a highly qualified technical staff and detailed submissions to the Board through the Chairman. The operations of the company consist of a search for oil and gas and projects are only considered after a review and evaluation of all technical data on record. Outside consultants are engaged as required to enhance the chances of success. Environmental considerations are factors in the consideration of every new project and are fully evaluated and reported before approval by the Board.

Insurance

The Board recognises the value of insurance as a risk mitigation strategy and works with a leading insurance broker to ensure that appropriate insurance cover is in place at all times. Contracts with contractors are drawn up or reviewed by solicitors prior to the company entering into any commitment.

Internal Control and Audit

In a small company, an extensive internal control system is not possible, however there is a natural control as a consequence of being small. The Board works very closely with the staff and, because the transactional volume is small, the Directors have a detailed knowledge of the working of the company. It is considered that an internal audit function is therefore not appropriate at this time. The Directors believe the system of internal control is appropriate to the size of the company and to its level of potential risk.

Declaration by the Chairman and Chief Financial Officer

Both the Chairman and Chief Financial Officer sign the following declaration in the presence of the Board prior to the Board accepting the Financial Results each year:

- in accordance with the Corporations Act 2001 section 295A, I declare that to the best of my knowledge and belief:
- the financial records of the disclosing entity for the financial year have been properly maintained in accordance with section 286; and
- the financial statements, and the notes for the financial year comply with the accounting standards; and
- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.

Also in accordance with the ASX Corporate Governance Council Best Practice Recommendations 4.1 and 7.2, to the best of my knowledge and belief, and in my opinion:

- i. the financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards; and
- ii. the statement in (i) above concerning the integrity of financial statements is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the board; and
- iii. the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Signed by the Chairman and Chief Financial Officer:

The Board has procedures in place to recognise and manage risk in accordance with Recommendation 7.1. Monthly reporting of financial performance is in place as are policies to manage credit, foreign exchange and other business risks.

The Board has delegated to the Chairman and Chief Financial Officer such matters as the Company's liquidity, currency, interest rate and credit policies and exposures.

8. Remunerate Fairly and Responsibly

The Company has not established a Remuneration and Benefits Committee or a Governance Committee.

The Board is responsible for determining and reviewing the remuneration of the directors, the Executive Chairman, Executive Officers and other employees of the company. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining employees with the skills to manage the Company's operations. The Board reviews the remuneration of officers and employees of the Company. In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Board seeks the advice of external advisers in connection with the structure of remuneration packages.

The Board also reviews the levels and form of remuneration for non executive directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to non executive directors shall not exceed the sum fixed by members of the Company in general meeting.

The Board reviews the composition of the Board on a regular basis to ensure that the Board has the appropriate mix of expertise and experience.

It is the Company's objective to provide maximum shareholder benefit from the retention of high quality Board members and Executives. Directors and Executives are remunerated with reference to market rates for comparable positions. Details of the remuneration of specified directors and executives are contained in the Directors' report.

Termination payments are not agreed in advance. In the event of a termination, the company complies with all appropriate legal requirements and company policy precludes any payment in the event of removal for misconduct.

No formal evaluation of the performance of the Board is conducted. The Board, being a small active Board is in a position to view its performance on a constant basis. Similarly, key executives are well known to the Board and constant contact with them forms a constant performance review.

Corporate Directory

Directors

Robert J. Annells CPA, FFin (Executive Chairman)
Barney I. Berold BCom, MBA
Peter B. Lawrence BCom, MBA, FCPA
James H.Y. Syme LLB

Company Secretary

Leslie Smith BBS, MBA, CPA, CA(NZ)

Chief Financial Officer

Leslie Smith BBS, MBA, CPA, CA(NZ)

Technical Staff and Consultants

Ingrid Campbell RMIT (Geol), MPESA, MGSA
Tim O'Brien BSc MSc MPESA MSPE
Xiaowen Sun BSc (Hons), MSc, PhD, MAAPG
Guy Holdgate BSc (Hons), PhD
James Martindale BSc (Hons), MPESA

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Stock Exchange

Australian Securities Exchange Limited
Level 3 530 Collins Street
Melbourne Victoria 3000
ASX code: LKO

Auditors

Pitcher Partners
Level 19 15 William Street
Melbourne Victoria 3000

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne Victoria 3000

Legal Advisors

Baker & McKenzie
Level 19 CBW
181 William Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty. Ltd.
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Abbotsford Victoria 3067

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