

Lakes Oil spikes as Gina Rinehart buys into Oil and Gas Industry

Lakes Oil has watched its share price soar 130% since mining magnate Gina Rinehart threw the embattled Australian explorer a lifeline, securing a diluted 18.6% stake in the company in buying \$4.25 MM of unsecured notes as part of an extended capital raising.

The deal represents Rinehart's first investment in oil and gas, although the Iron Ore Lady is believed to hold some prospective acreage in the Northern Territory.

The Melbourne-based company, the oldest Australian oil and gas explorer still operating in Australia, and in its 67th year, saw its share price on the ASX spike 4c to 7c on news that iron ore tycoon Rinehart, briefly the wealthiest woman in the world during 2012, had decided to invest in Lakes Oil.

This followed an initial capital raising initiative that fell short by \$4.91 MM late last year when the company was only able to raise \$2.29 MM as it issued unsecured notes at \$10 each converting into 5,000 shares.

Armour Energy, a participant in the original capital raising, also chose to buy an extra

\$1.758 MM worth of the notes, thus increasing its stake in Lakes Oil to 18.6%.

Lakes Oil holds exploration licences in the Gippsland Basin in Victoria, but has been hamstrung by the Victorian Government's moratorium on fracking, which is currently under review.

Lakes Oil Chairman Rob Annells said the moratorium on fracking had been "lifted just about everywhere else and it seems like Victoria is just going to take a little longer".

He said he was confident that common sense would prevail and the State who would recognise the benefits of allowing hydraulic fracking to occur.

"It (fracking) is getting rave reviews all over in a revolution that is sweeping the world. Everyone is going for it," he said.

Annells said it was ironic that a week after New South Wales had lifted their moratorium on fracking, Victoria went in the opposite direction.



Lakes Oil Chairman Rob Annells.

"Nevertheless at least the public can see what is going on and ensure there are proper safeguards in place. I hasten to say that the moratorium was intended for coal bed methane operations and we are operating way below that. Also CBM is covered by the Minerals Act and what we are doing falls under the jurisdiction of the Petroleum Act. It limped into it and shouldn't have," he said.

Lakes Oil said the capital injection would enable it to progress planned drilling activities of two shallow wells in the Lakes Entrance oil field. The company is focussing on unconventional resources in its mission statement to emulate the shale boom that has transformed the energy landscape in the United States.

As part of the deal with a subsidiary of Hancock Prospecting, Lakes Oil will appoint mining geologist and climate change sceptic Professor Ian Plimer to its board.

Rinehart could not be contacted for comment. ■

WHL Energy cashed up

Australian oil and gas company WHL Energy announced in January that it remains well positioned to fund its current work programs with \$8.205 MM in cash available at the end of December.

The company has also noted an increase in interest in proven gas assets, such as the La Bella field in the wake of widespread reporting in the Australian media that the east coast of Australia is potentially facing a major gas shortage.

This includes reports that major industrial users along the eastern seaboard have been unable to source firm up domestic gas supplies beyond 2015.

WHL Energy's Managing Director, Steve Noske, said 'industrial consumers' concerns of a looming domestic gas shortage and reports that gas prices

on the eastern seaboard are about to increase significantly has been raised in recent discussions the company has had with potential partners. The company also continues to work with technical consultants completing engineering studies that will provide a valuation on the estimated gas and condensate reserves associated with the La Bella development in VIC/P67. Initial modelling using conservative estimates for future commodity pricing provides estimated life of project revenues in excess of \$1 B for the development of a 150 Bcf recoverable resource.

"This 'gas crisis' has certainly opened up fantastic opportunities for companies like WHL Energy that have proven gas assets. This certainly has been reflected in the increasing interest we have received from potential farminees and JV partners," Noske said.

"While WHL Energy has received non binding farm in and JV offers from some individual organisations active in the area it has elected not to pursue these offers at this time as the company believes there is significant upside in the VIC/P67 asset pending the outcome of the planned seismic activities in the permit.

"After much consideration, the WHL Energy Board ascertained the offers didn't provide the company with sufficient value given the independent advice received regarding a proven gas field like La Bella; that can potentially be quickly tied into the Eastern States gas grids.

"However, the company continues to hold discussions with a number of interested parties and will continue to do so as and work hard to obtain the best return for our shareholders on this highly valuable asset."

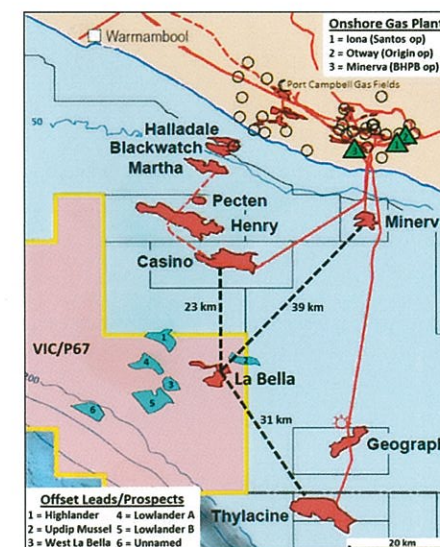
WHL Energy is currently undertaking further independent preliminary engineering studies that will provide a valuation on the estimated gas and condensate reserves associated with the La Bella field.

WHL Energy also reported it has submitted documentation related to the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) as part of the company's application process to acquire 3D seismic over the VIC/P67 permit.

The company is planning to acquire 811 km² of 3D seismic over the VIC/P67 permit as part of its work commitments for the permit. The information received from that survey will firm up the resource assessment and field development plans for the La Bella field along with the nearby prospects and leads the Company has already identified, which total in excess of 500 Bcf.

Located approximately 200 km WSW of Melbourne, VIC/P67 contains the undeveloped La Bella gas/condensate field which has been by assessed by WHL Energy to contain a 2C Contingent Resources of 158 petajoules (PJ).

The La Bella field lies in 95 m of water some 55 km off the southern Victorian coast near a number of other gas fields that are already in production with existing infrastructure. These include the Casino field operated by Santos and the Minerva field operated by BHP. The discovery well for the field was drilled in 1993 by BHP Billiton encountering a gas column that has been mapped to be up to 138 m in the Waarre Sandstone formation. ■



Location of the La Bella field.

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specialised seismic interpretation tools means that we can even deliver the data to the client to be interpreted within DUG Insight too."

DownUnder GeoSolutions' Software Business Development Manager, Margarita Norvill, moved to London to promote DUG Insight to the European market in mid 2012. DUG Insight has been in development, with exclusive internal use, for eight years. It has been available for sale commercially since 2010 and now has over 500 licenses globally, with a third of these in Europe.

The DownUnder GeoSolutions London office is located right in the heart of central London in Mayfair which will also house a globally significant computer cluster. "We've just shipped over and installed 110 teraflops of compute power to London – this brings our global power to 330 teraflops, making it equivalent in power to the top 100 biggest super computers in the world," Matt Lamont said. "For this market alone we have 500 terabytes of on-line storage on 200 disks and 10 terabytes of memory held on over 1,300 DIMMs. We're here to show European clients that we're taking their business very, very seriously." ■



Julian Sherriff, Margarita Norvill, Matt Lamont and Howard Davies at the London office.

DownUnder GeoSolutions opens London Office

Perth-founded geoscience company, DownUnder GeoSolutions, recently opened an office in central London, which is its seventh international office.

The London office will act as a European hub for the company's exploration and production services to the global oil and gas industry. The European headquarters will be managed by EAME Geoscience Manager, Julian Sherriff and Howard Davies, EAME Business Development Manager.

Sherriff and Davies each have over 30 years experience in the industry, with strong technical backgrounds as processing geophysicists and have held many senior managerial roles at companies throughout the world, most recently at Fugro Seismic Imaging in the UK.

They are leading a team of 10 geoscientists who will offer clients a broad spectrum of experience and expertise, including processing 2D and 3D, land, marine and OBC, PP and PS, narrow, wide and multi-azimuth data. The London team will offer the full suite of DownUnder GeoSolutions' services including:

- Seismic acquisition planning (including effective illumination studies)
- High resolution seismic processing
- Seismic depth imaging
- Quantitative interpretation (attributes, inversion and rock physics)
- Petrophysics
- Velocity model building/depth conversion
- Highly specialised pore pressure prediction

The DownUnder GeoSolutions team will have access to the full range of the company's

exclusive and innovative geophysical and geology software technology, marketed worldwide as DUG Insight. The DUG Insight tools include many state-of-the-art interpretation tools including 3D true azimuth SRME, TTI RTM and powerful non-linear inversion packages. DUG Insight software is unique in its integration across disciplines.

Geosciences Manager, Julian Sherriff explained that the opportunity to work with DUG's cutting edge technology was part of the attraction to taking up his new role. "I am truly impressed with the way DUG Insight allows for unprecedented visualisation and analysis of results. Projects can continue from time processing, through to depth imaging and into inversion, all using DUG Insight. The commercialisation of DUG Insight's