

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 1

Date: 04-05-04

Depth: 33m

Progress:33m

Days from Spud: 1

| | | | |
|----------------------|---------------|---------------------|------------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 20"/508mm at 15m |

0600 hrs Update: Drill ahead at 124m with 12.25"(311mm) hole.

Comments:

Spud Trifon No.2 at 2000hrs 4th May, 2004.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|----------------------------------|-----|
| Spud-33m | No Show (Haunted Hills Gravels). | Nil |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | - |
| Jemmy's Point Formation | 79 | | | |
| Tambo River Formation | 164 | | | |
| Gippsland Limestone | 232 | | | |
| Lakes Entrance Formation | 619 | | | |
| LaTrobe Group (top clastics) | 688 | | | |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

*Provisional, based on mudlog

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TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 1****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|---|
| Spud-33 | <p>Haunted Hills Gravels Sandstone (90%) in part grading to Claystone (10%). SANDSTONE: medium red brown, very fine to very coarse, dominantly coarse, angular to subrounded, very poorly sorted, no visible cement, abundant red brown argillaceous and silt matrix, quartzose with common strong orange brown staining, unconsolidated, good inferred porosity, no oil fluorescence at top grading with depth to: SANDSTONE: medium green grey, very fine to very coarse, dominantly coarse, angular to subrounded, very poorly sorted, no visible cement, abundant medium green grey argillaceous matrix, quartzose, unconsolidated, good inferred porosity, no oil fluorescence. CLAYSTONE: red brown, very silty, abundant dispersed very fine to very coarse quartz sand grains, very soft, sticky.</p> |
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LAKES OIL N.L.

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TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 2

Date: 05-05-04

Depth: 316m

Progress: 283m

Days from Spud: 2

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|----------------------|---------------|---------------------|------------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 20"/508mm at 15m |

0600 hrs Update: Rig up to run 244mm (9.625") casing.

Comments:

Drill 311mm hole to 316m, Wiper trip, POOH for 9.625" (244mm) casing.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|-----------------------------------|-----|
| 33-91 | No Show (Haunted Hills Gravels) | Nil |
| 91-165 | No Show (Jemmy's Point Formation) | Nil |
| 165-232 | No Show (Tambo River Formation) | Nil |
| 232-316 | No Show (Gippsland Limestone) | Nil |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | | | |
| LaTrobe Group (top clastics) | 688 | | | |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 2****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|---|
| 33-91 | Haunted Hills Gravels Massive Sandstone (100%). SANDSTONE: medium grey, very fine to grit, dominantly medium, subangular to rounded, very poorly sorted, no visible cement, common medium grey argillaceous and silt matrix, quartzose, common dark grey to black cherty lithics, trace black coal detritus, unconsolidated, very good inferred porosity, no oil fluorescence. |
| 91-165 | Jemmy's Point Formation Massive argillaceous shelly Marl (100%). MARL: medium green grey to medium grey, very argillaceous, abundant shell fragments, common forams, trace black coal detritus, very soft, sticky, non fissile. |
| 165-232 | Tambo River Formation Massive fossiliferous Calcarenite (100%). CALCARENITE: light to medium green grey, light to medium grey, light to medium yellow brown, very fine to coarse grained, abundant shell fragments and bryozoa, trace to common dispersed very fine to coarse quartz sand grains, slightly to moderately argillaceous, trace light brown chert, trace black coal detritus, friable, poor to fair inferred porosity. |
| 232-316 | Gippsland Limestone Massive Calcarenite (100%). CALCARENITE: light grey to medium brown grey, very fine to coarse, dominantly fine, moderate calcareous cement, becoming calcilutitic and marl in part with depth, abundant bryozoa, common shell fragments echinoid spines and forams, slightly to moderately argillaceous, common glauconite, trace fine black coal detritus, friable, poor inferred porosity. |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 3

Date: 06-05-04

Depth: 316m

Progress:0m

Days from Spud: 3

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|----------------------|---------------|---------------------|---------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 244mm at 313m |

0600 hrs Update: Nipple up BOP's.

Comments:

Run 9.625" (244mm) casing to 313m, nipple up BOP's.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---------------------------|-----|
| | No new formation drilled. | |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | | | |
| LaTrobe Group (top clastics) | 688 | | | |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.
(A.C.N. 004247214)
TRIFON No.2 PEP 157
DAILY GEOLOGICAL REPORT No. 3

Lithological and Fluorescence Description

| Interval (m) | Description |
|--------------|--------------------------|
| | No new formation drilled |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 4

Date: 07-05-04

Depth: 420m

Progress: 105m

Days from Spud: 4

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|----------------------|---------------|---------------------|---------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 244mm at 313m |

0600 hrs Update: Drill ahead at 479m.

Comments:

Nipple up and pressure test BOP's, RIH and drill ahead with 8.5" (216mm) hole. Pressure integrity test at 317m to 12.5 ppg equivalent mud weight.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|-------------------------------|-----|
| 315-420 | No Show (Gippsland Limestone) | Nil |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | | | |
| LaTrobe Group (top clastics) | 688 | | | |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

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TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 4****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 315-420 | <p>Gippsland Limestone Calcarenite (70%) grading to Calcilutite (30%). CALCARENITE: light grey to light brown grey, very fine to fine, very calcilitic in part, abundant bryozoa, common shell fragments echinoid spines and forams, moderately to very argillaceous, trace glauconite, trace fine black carbonaceous detritus, friable, very poor inferred porosity. CALCILUTITE: light grey to light brown grey, moderately to very argillaceous, finely calcarenitic and calcisiltitic in part, trace bryozoa and forams, trace glauconite, soft to firm, non fissile.</p> |
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LAKES OIL N.L.

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TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 5

Date: 08-05-04

Depth: 627m

Progress: 207m

Days from Spud: 5

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|----------------------|---------------|---------------------|---------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 244mm at 313m |

0600 hrs Update: Drill ahead in Lakes Entrance Formation marl at 668m, background gas 1-3 units (C1 100%).

Comments:

Drill ahead to 627m.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|------------------------------------|------------------------|
| 420-563 | No Show (Gippsland Limestone) | Nil |
| 563-627 | No Show (Lakes Entrance Formation) | TG 0.1-2.3u C1 100% |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | | | |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

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TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 5****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 420-563 | <p>Gippsland Limestone Calcilutite (60%) grading to Marl (40%) with minor Calcarenite (trace). CALCARENITE: light grey to light brown grey, very fine to fine, very calcilutitic in part, common bryozoa, trace shell fragments echinoid spines and forams, moderately to very argillaceous - grades to marl in part, trace glauconite, friable, very poor inferred porosity. CALCILUTITE: off white to light grey to light brown grey, slightly to very argillaceous - grades to marl, calcisiltitic and calcarenitic in part, trace bryozoa and forams, trace glauconite, soft to firm, non fissile. MARL: medium grey to medium brown grey, rarely medium green grey, calcisiltitic in part, occasionally very argillaceous, trace bryozoa and forams, rare glauconite, soft, non fissile.</p> |
| 563-627 | <p>Lakes Entrance Formation Massive Marl (100%). MARL: light to medium green grey to medium grey, occasionally medium brown grey, very calcareous, trace to common bryozoa and forams, rare glauconite, rare pyrite, soft, non fissile.</p> |
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LAKES OIL N.L.

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TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 6

Date: 09-05-04

Depth: 731m

Progress: 104m

Days from Spud: 6

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 244mm at 313m

0600 hrs Update: Drill ahead in LaTrobe Group sandstone at 796m with a background gas of 2-5 units.

Comments:

POOH for new bit at 684m, trip gas 4 units.

Mud losses from 699-711m at 160 bbl/hr, circulate at 711m while adding LCM to control losses, before drilling ahead.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--|--|
| 627-688 | No Show (Lakes Entrance Formation) | TG 2-5.8u C1 100% C2 trace C3+ 0 |
| 688-731 | No Show (LaTrobe Group - top clastics) Upon entering the top of the LaTrobe section the gas readings rose from a background of 2 units to a maximum of 87 units. The gas appears to come from the more argillaceous rich sandier lithology sections present in this interval. Where the sand is cleaner the gas levels decline rapidly. This would tend to suggest the gas present may be "solution" gas contained due to the presence of matrix in the sandstone, and the bulk of the open pore space water wet. Probable test result across this interval would be gas cut water. | TG 2-87u C1 99.6% C2 0.3% C3 0.1% C4 trace C5 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

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|-----------------------------------|------|-----|------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | | | |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 6****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 627-688 | <p>Lakes Entrance Formation Massive Marl (100%) with minor Dolomite (trace) at base only. MARL: off white to medium brown grey, light to medium green grey, trace bryozoa and forams, trace glauconite becoming abundant at base, soft, non fissile. DOLOMITE: medium brown, cryptocrystalline, trace glauconite, moderately argillaceous and calcareous in part, hard.</p> |
| 688-731 | <p>LaTrobe Group (Top Clastics) Sandstone (30%) interbedded with Claystone (40%) and Coal (30%) with minor Dolomite (trace) at top only. SANDSTONE: light grey brown, very fine to medium, dominantly fine, trace coarse to very coarse grains, subangular to subrounded, moderately sorted, weak calcareous cement, abundant medium brown grey argillaceous and silt matrix, clear to opaque quartz grains often with brown argillaceous stain, abundant glauconite grains at top, trace black coaly detritus, friable, poor to fair inferred porosity, no oil fluorescence. CLAYSTONE: medium brown to medium brown grey, very silty, very finely to finely arenaceous in part, slightly to very carbonaceous, trace pyrite, soft, very dispersive, non fissile. COAL: dark brown to black, earthy texture, blocky fracture, very argillaceous, firm to moderately hard. DOLOMITE: medium brown, cryptocrystalline, trace glauconite, moderately argillaceous and calcareous in part, hard.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 7

Date: 10-05-04

Depth: 931m

Progress:200m

Days from Spud: 7

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 244mm at 313m

0600 hrs Update: Drill ahead at 963m in interbedded LaTrobe group sandstone/claystone/coal, background gas 5 units.

Comments:

Wiper trip at 900m - wiper trip gas 125 units.

Connection gas peaks every connection of 30-124 units from 730-931m.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--|--|
| 731-837 | No Show (LaTrobe Group - top clastics) The interval 731-837m appears to be water wet, with a background gas of 4-7 units at the top gradually decreasing to 0.3-2 units with depth, with connection gas peaks of up to 30 units total gas. | TG 0.3-7u C1 100% C2 trace C3 trace C4+ 0 |
| 837-931 | No Show (LaTrobe Group - top coal measures) The interval 837-931m appears to be water wet, with background gas readings at top of 0.3-5 units gradually increasing to 8-21 units at base: Connection gas peaks present on all connections of between 30 and 124 units. | TG 0.3-21u C1 99.2% C2 0.8% C3 trace C4+ 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

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|-----------------------------------|------|-----|------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 7****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 731-837 | <p>LaTrobe Group (Top Clastics) Sandstone (90%) interbedded with Claystone (10%) and Coal (trace). SANDSTONE: light brown grey, very fine to very coarse, dominantly medium, subangular to rounded, very poorly sorted, weak silica cement, common medium brown argillaceous and silt matrix, clear to opaque quartz grains with minor brown argillaceous stain, trace grey green lithics, trace black coaly detritus, friable, very good inferred porosity, no oil fluorescence. CLAYSTONE: dark brown grey, very silty, very carbonaceous, abundant dispersed very fine to coarse quartz sand grains in part, soft, very dispersive, non fissile. COAL: dark brown to black, moderately to very argillaceous, earthy texture, blocky fracture, moderately hard.</p> |
| 837-931 | <p>LaTrobe Group (Top Coal Measures) Sandstone (30%) interbedded with Claystone (60%) and Coal (10%). SANDSTONE: light grey to light brown grey, very fine to very coarse, dominantly coarse, subangular to rounded, very poorly sorted, weak silica cement, abundant medium brown argillaceous and silt matrix, clear to opaque quartz grains occasionally with brown argillaceous stain, trace grey green lithics, trace coarse clear mica flakes, common black coaly detritus, friable, poor to good inferred porosity, no oil fluorescence. CLAYSTONE: medium brown to brown black, occasionally off white, very silty, very carbonaceous, abundant dispersed very fine to coarse quartz sand grains in part, soft, very dispersive, non fissile. COAL: dark brown to black, slightly to dominantly very argillaceous, earthy to occasionally subvitreous texture, blocky to occasionally subconchoidal fracture, moderately hard, brittle where clean.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 8

Date: 11-05-04

Depth: 1095m

Progress: 164m

Days from Spud: 8

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 244mm at 313m

0600 hrs Update: Drill ahead at 1141m in LaTrobe Group interbedded sandstone (70%) and claystone (30%) with black coal (trace). No shows, background gas 1-4 units, no significant peaks, continuing connection gases of 1-11 units.

Comments:

Lost 250bbbls mud to formation at 950m. From 950-1095m continuing intermittent mud losses.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 931-965 | No Show (LaTrobe Group - top coal measures). This section appears to be water wet. Background gas ranged between 4.5 units and 13.5 units of total gas, with no significant gas peaks. Connection gases were present and ranged between 10 and 24 units. | TG 4.5-13u C1 100% C2 Trace C3+ 0 |
| 965-1095 | No Show (LaTrobe Group). This section appears to be water wet. Background gas ranged between 0.5 and 5 units with no significant peaks.. Connection gases were present and ranged between 2 and 15 units. | TG 0.5-5u C1 100% C2 Trace C3+ 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 8****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|---|
| 931-965 | <p>LaTrobe Group (Top Coal Measures) Sandstone (30%) interbedded with Claystone (50%) and Coal (20%). SANDSTONE: light brown grey, very fine to very coarse, dominantly coarse, angular to subrounded, very poorly sorted, weak silica cement, abundant medium brown argillaceous and silt matrix, clear to opaque quartz grains occasionally with brown argillaceous stain, trace grey green lithics, common black coaly detritus, friable, poor to good inferred porosity, no oil fluorescence. CLAYSTONE: medium to very dark brown, very silty, very carbonaceous - grading to argillaceous coal, abundant dispersed very fine to coarse quartz sand grains in part, soft, very dispersive, non fissile. COAL: dark brown to black, moderately to very argillaceous, earthy texture, platy to blocky fracture, moderately hard, brittle where clean.</p> |
| 965-1095 | <p>LaTrobe Group Sandstone (70%) with minor interbedded Claystone (30%) and Coal (Trace). SANDSTONE: light grey to light brown grey, very fine to pebble, dominantly coarse to very coarse, angular to subrounded, very poorly sorted, weak silica cement, trace to common off white argillaceous matrix, clear to opaque quartz grains, occasional yellow orange quartz grains in part, trace grey green lithics, common black coaly detritus, trace coarse mica flakes, trace pyrite, friable, very good inferred porosity, no oil fluorescence. CLAYSTONE: off white to medium grey to brown grey, non to occasionally very silty, abundant dispersed very fine to coarse quartz sand grains in part, trace pyrite, soft, very dispersive, non fissile. COAL: dark brown to black, slightly to moderately argillaceous, earthy texture, platy to blocky fracture, moderately hard, brittle where clean.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 9

Date: 12-05-04

Depth: 1231m

Progress: 136m

Days from Spud: 9

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 244mm at 313m

0600 hrs Update: Drill ahead at 1254m in Strzelecki Formation (Top 1236m).

GAS SHOW: 1230-1236m (Reworked Strzelecki (?), Weathered Strzelecki (?).

Typical LaTrobe group sandstones with thinly interbedded claystones are present down to 1227m with no shows. From 1227-1230m (immediately overlying the gas show interval) is a medium grey/green grey/brown grey claystone of similar nature to the Strzelecki claystones which could either be LaTrobe (reworked Strzelecki) or weathered Strzelecki. The interval 1230-1236m (6m net pay) consists of a very fine to medium, dominantly fine grained sandstone composed of approximately 60% quartz grains with 40% lithics (a higher quartz/lithic ratio than normally expected in the Strzelecki) with a weathered white clay (kaolin) matrix. Hence this sandstone may either be reworked Strzelecki (hence LaTrobe Group) or weathered Strzelecki. Upon entering this sandstone the gas rose to a maximum of 318 units from a background of 7-10 units. The gas analysis for the show interval was C1 97.3%, C2 2.5%, C3 0.2%, C4 Trace, C5 0. Porosity in the sandstone appears to be in the range of poor to fair but this assessment may be incorrect due to the dispersed nature of the sand grains and matrix in the cuttings samples. No oil fluorescence was observed. Gas flow potential from this interval is possible, but cannot accurately be predicted from presently available data. Due to the thin nature of the overlying cap and hence the probability of packer seat failure, open hole testing would not be a viable option.

SANDSTONE: light to medium greenish grey, very fine to occasionally medium, dominantly fine, subangular to subrounded, moderately sorted, weak silica and calcareous cements, common white argillaceous matrix, clear to opaque quartz grains, abundant off white altered feldspars and grey green lithic grains, common orange brown lithics, trace black carbonaceous detritus, friable, poor to fair visual porosity, no oil fluorescence.

CLAYSTONE: light to medium grey to medium green grey to medium brown grey, slightly silty, slightly calcareous, trace micromica, trace pyrite, trace brown to black carbonaceous matter, soft to firm, non fissile.

Comments:

Interval (mRT)

Hydrocarbon Show Summary

Gas

| | | |
|-----------|--|---|
| 1095-1183 | No Show (LaTrobe Group). This section appears to be water wet. Background gas ranged between 1 and 4 units with no significant peaks.. Connection gases were present and ranged between 1 and 8 units. | TG 1-4u C1 100% C2 Trace C3+ 0 |
| 1183-1231 | No Show (LaTrobe Group). This section appears to be water wet. Background gas ranged between 0.6 and 3 units with no significant peaks.. Connection gases were present and ranged between 1 and 18 units. | TG 0.6-3u C1 100% C2 Trace C3+ 0 |
| | | |
| | | |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | | | |
| T.D. (Phase 1) | 1360 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 9****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 1095-1183 | <p>LaTrobe Group Sandstone (60%) with minor interbedded Claystone (40%) and Coal (Trace). SANDSTONE: light grey to light brown grey, very fine to grit, dominantly medium to coarse, angular to subrounded, very poorly sorted, weak silica cement, common to abundant off white argillaceous matrix, clear to opaque quartz grains, trace grey green lithics, trace mica flakes, common black coal detritus, trace pyrite, friable, fair to very good inferred porosity, no oil fluorescence. CLAYSTONE: off white medium brown, occasionally medium grey, non to moderately silty, abundant dispersed very fine to coarse quartz sand grains in part, trace pyrite, common black coal detritus, soft, very dispersive, non fissile. COAL: dark brown to black, slightly to moderately argillaceous, earthy texture, platy to blocky fracture, moderately hard, brittle where clean.</p> |
| 1183-1231 | <p>LaTrobe Group Sandstone (60%) with minor interbedded Claystone (40%) and Coal (Trace). SANDSTONE: light grey to light brown grey, very fine to occasionally grit, dominantly medium to coarse, angular to subrounded, very poorly sorted, weak silica and calcareous cements, common to abundant off white argillaceous matrix, clear to opaque quartz grains, trace green black lithics, common black coal detritus, trace pyrite, friable, good inferred porosity, no oil fluorescence. CLAYSTONE: off white to light brown to occasionally medium grey, non to moderately silty, abundant dispersed very fine to coarse quartz sand grains in part, common black coal detritus, trace pyrite, soft, very dispersive, non fissile. COAL: dark brown to black, slightly to moderately argillaceous, earthy to slightly subvitreous texture, blocky fracture, moderately hard, brittle where clean.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157

DAILY GEOLOGICAL REPORT No. 10

Date: 13-05-04

Depth: 1267m

Progress: 36m

Days from Spud: 10

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 244mm at 313m

0600 hrs Update:

Comments:

Reached intermediate Total Depth at 0900 hrs 13th May, 2004. Wiper trip prior to running 7" (178mm) casing to T.D.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|-------------------|---|---|
| 1230-1236 | <p>GAS SHOW: 1230-1236m - Reworked Strzelecki or weathered Strzelecki (?). Typical LaTrobe group sandstones with thinly interbedded claystones are present down to 1227m with no shows. From 1227-1230m (immediately overlying the gas show interval) is a medium grey/green grey/brown grey claystone of similar nature to the Strzelecki claystones which could either be LaTrobe (reworked Strzelecki) or weathered Strzelecki. The interval 1230-1236m (6m net pay) consists of a very fine to medium, dominantly fine grained sandstone composed of approximately 60% quartz grains with 40% lithics (a higher quartz/lithic ratio than normally expected in the Strzelecki) with a weathered white clay (kaolin) matrix. Hence this sandstone may either be reworked Strzelecki (hence LaTrobe Group) or weathered Strzelecki. Upon entering this sandstone the gas rose to a maximum of 318 units from a background of 7-10 units. Porosity in the sandstone appears to be in the range of poor to fair but this assessment may be incorrect due to the dispersed nature of the sand grains and matrix in the cuttings samples. No oil fluorescence was observed. Gas flow potential from this interval is possible, but cannot accurately be predicted from presently available data. Due to the thin nature of the overlying cap and hence the probability of packer seat failure, open hole testing would not be a viable option.</p> | TG 318u C1 97.3% C2 2.5% C3 0.2% C4 Trace C5 0 |
| 1236-1267 T.D. | <p>NO SHOW: (Strzelecki Formation) This interval is characterized by a massive claystone with no significant sandstone development. Background gas readings ranged between 30 and 126 units.</p> | TG 30-126u C1 98.0% C2 1.9% C3 0.1% C4+ 0 |
| | | |
| | | |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 1) | 1360 | 1267 | -1239 | 93 High |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 PEP 157**DAILY GEOLOGICAL REPORT No. 10****Lithological and Fluorescence Description**

| Interval (m) | Description |
|-------------------|--|
| 1231-1236 | LaTrobe Group (reworked Strzelecki) or Strzelecki Group (?). Massive Sandstone (100%). SANDSTONE: light to medium greenish grey, very fine to occasionally medium, dominantly fine, subangular to subrounded, moderately sorted, weak silica and calcareous cements, common white argillaceous matrix, clear to opaque quartz grains, abundant off white altered feldspars and grey green lithic grains, common orange brown lithics, trace black carbonaceous detritus, friable, poor to fair visual porosity, no oil fluorescence. |
| 1236-1267 T.D. | Strzelecki Group Massive Claystone (100%). CLAYSTONE: light to medium grey to medium green grey to medium brown grey, slightly silty, trace off white very kaolinitic very fine sandstone laminae, slightly calcareous, trace micromica, trace pyrite, trace brown to black carbonaceous matter, soft to firm, non fissile. |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 1

PEP 157
Date: 21-07-04

Depth: 1267m

Progress: 0m

Days from Spud: 1

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: RIH to drill out shoe track.

Comments:

Trifon No.2 (Phase 1) was drilled to 1267m, with 7" (178mm) L80 Buttress casing set to 1265m prior to rig release in May, 2004. Phase (2) deepening is programmed to deepen the previously collared Trifon 2 well with 156mm (6 1/8" hole) to 2500m, prior to running 113mm (4.5") casing to T.D. in preparation for the fracturing of the target Strzelecki sands.

Make up 156mm BHA, RIH.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--------------------------|-----|
| | No new formation drilled | |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 1****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|---------------------------|
| | No new formation drilled. |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 2

PEP 157
Date: 22-07-04

Depth: 1267m

Progress: 0m

Days from Spud: 2

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Drill out shoe (trip gas after shoe = 1650 units), drill new hole to 1269m, perform FIT

Comments:

Drill out float collar and cement to top of shoe, POOH for bit and BHA change, RIH, condition mud prior to drilling out shoe.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---------------------------|-----|
| | No new formation drilled. | |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 2****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|---------------------------|
| | No new formation drilled. |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 3

PEP 157
Date: 23-07-04

Depth: 1431m

Progress: 164m

Days from Spud: 3

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Drill ahead in Strzelecki Formation at 1478m. Lithology interbedded claystone (70%) with sandstone (30%). Background gas in the claystones 20-30 units, with 30-46 units in the sandstones. Highest peak of 46 units at 1463m, correlates with gas peak Trifon-1 at 1464m, ie. Trifon-2 = 1m high to Trifon-1.

Comments:

Perform FIT at 1270m to 600 PSI (no leak off) with 9.4 lb/gal mud weight (M.W. eq. 12.1 lb/gal).
Correlation 1417m Trifon-2 = 1414m Trifon-1, ie. 3m deep.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--|---|
| 1267-1397 | Strzelecki Formation. The interval 1267-1397m is characterized by interbedded and laminated claystones and tight lithic sandstones. Total gas readings ranged between 8 units and 15 units in the claystones and 15 units to 53 units in the sandstones, with the higher gas readings corresponding to the better visual porosity sections of the sands. | TG 8-53u C1 97.9% C2 1.6% C3 0.5% C4 0 |
| 1397-1431 | Strzelecki Formation. The interval 1397-1431m is characterized by interbedded and laminated claystones and tight lithic sandstones. Total gas readings ranged between 10 units and 20 units in the claystones and 20 units to 80 units in the sandstones, with the higher gas readings corresponding to the better visual porosity sections of the sands. | TG 10-80u C1 97.7% C2 1.6% C3 0.7% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

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|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 3****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|---|
| 1267-1397 | <p>Strzelecki Formation. Sandstone (60%) interbedded and laminated with Claystone (40%). SANDSTONE: light to medium green grey, very fine to medium, rare coarse grains in part, dominantly fine, subangular to subrounded, moderately sorted, weak to occasionally moderate silica and calcareous cements, common to abundant white argillaceous matrix, abundant off white altered feldspars and grey green lithic grains, trace brown to red lithics, trace to occasionally common quartz grains, trace coarse brown mica flakes, trace fine black carbonaceous detritus, trace pyrite, friable, nil to poor visual porosity, no oil fluorescence. CLAYSTONE: light to medium green grey to medium grey to medium brown grey, slightly to very silty, trace very fine black carbonaceous specks, trace very fine altered feldspar grains in part, trace micromica, soft to firm, non fissile.</p> |
| 1397-1431 | <p>Strzelecki Formation. Sandstone (60%) interbedded and laminated with Claystone (40%). SANDSTONE: light to medium green grey, very fine to occasionally coarse, dominantly medium, subangular to subrounded, moderately sorted, weak silica and calcareous cements, common white argillaceous matrix, abundant off white altered feldspars and grey green lithic grains, trace brown to red lithics, common quartz grains, trace coarse brown mica flakes, trace fine black carbonaceous detritus, trace pyrite, friable, poor to fair visual porosity, no oil fluorescence. CLAYSTONE: light to medium green grey to medium grey to occasionally medium brown grey, very silty, trace very fine black carbonaceous specks, trace very fine altered feldspar grains in part, trace micromica, soft to firm, non fissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 4

PEP 157
Date: 24-07-04

Depth: 1639m

Progress: 208m

Days from Spud: 4

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: Drill ahead at 1689m in Strzelecki Formation interbedded and laminated sandstone and claystone.

Comments:

Wiper trip at 1554m, wiper trip gas = 30 units.

Correlation: 1499m Trifon-1 = 1501m Trifon-2, ie. Trifon-2 is 2m low.

Correlation: 1674m Trifon-1 = 1675m Trifon-2, ie. Trifon-2 is 1m low.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|---|
| 1431-1501 | Strzelecki Formation. The interval 1431-1501 is characterized by interbedded and laminated claystones and and minor tight lithic sandstones. Total gas readings ranged between 10 units and 18 units in the claystones and 18 units to 46 units in the sandstones. Maximum gas peak of 46 units was at 1463m. The sands in this interval were mainly fine grained with poor visual porosity. | TG 10-46u C1 96.9% C2 2.1% C3 1.0% C4 0 |
| 1501-1639 | Strzelecki Formation. The interval 1501-1639m is characterized by interbedded and laminated claystones and and minor tight lithic sandstones. Total gas readings ranged between 9 units and 15 units in the claystones and 15 units to 100 units in the sandstones. Maximum gas peak of 100 units was at 1503m. Other significant gas peaks were: 58u at 1507m, 84u at 1513m, 75u at 1532m, 59u at 1613m. The sands in this interval were mainly fine to medium grained with common to abundant kaolin matrix and nil to rarely fair but dominantly very poor to poor visual porosity. | TG 9-100u C1 97.3% C2 1.9% C3 0.8% C4 0 |
| | | |
| | | |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|--------------------|------------------|------------------|---------------------------|
|-----------------|--------------------|------------------|------------------|---------------------------|

| | | | | |
|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 4****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|--|
| 1431-1501 | <p>Strzelecki Formation. Sandstone (30%) interbedded and laminated with Claystone (70%). SANDSTONE: light to medium green grey, very fine to medium, dominantly fine, subangular to subrounded, moderately sorted, weak silica and calcareous cements, common to dominantly abundant white argillaceous matrix, common off white altered feldspars and grey green lithic grains, trace brown to red lithics, trace to common quartz grains, trace coarse brown mica flakes, trace black carbonaceous detritus, trace pyrite, friable, nil to rarely fair, dominantly poor visual porosity, no oil fluorescence. CLAYSTONE: off white to medium green grey to medium grey to medium brown grey, slightly to moderately silty, trace very fine black carbonaceous specks, occasionally common black coaly detritus in part, trace very fine altered feldspar grains in part, trace micromica, soft to firm, non fissile.</p> |
| 1501-1639 | <p>Strzelecki Formation. Sandstone (70%) interbedded and laminated with Claystone (30%). SANDSTONE: light to medium green grey, very fine to medium, dominantly fine, subangular to subrounded, moderately sorted, weak to moderate silica and weak calcareous cement, common to abundant white argillaceous matrix, common off white altered feldspars and grey green lithic grains, trace brown to red lithics, trace to common quartz grains, trace coarse brown mica flakes, trace to rarely common black coaly detritus, trace pyrite, friable, nil to poor rarely fair visual porosity, no oil fluorescence. CLAYSTONE: off white to medium brown grey to medium grey to medium green grey, moderately to very silty, trace to rarely abundant very fine black carbonaceous specks and coaly detritus, trace very fine altered feldspar grains in part, trace micromica, soft to firm, non fissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 5

PEP 157
Date: 25-07-04

Depth: 1838m

Progress: 199m

Days from Spud: 5

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Drill ahead at 1892m in Strzelecki Formation interbedded lithic sandstones and claystones. Background gas 5-10 units, occasional peaks to 24 units from thin sands within claystone sequences.

Comments:

Carbide at 1800m = 98 units.

Wiper Trip at 1819m, wiper trip gas = 20 units.

Correlation: 1808m Trifon-1 = 1809m Trifon-2, ie. Trifon-2 = 1m Low.

Correlation: 1863m Trifon-1 = 1864m Trifon-2, ie. Trifon-2 = 1m Low.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|---|
| 1639-1702 | Strzelecki Formation. The interval 1639-1702m is characterized by interbedded and laminated claystones and and tight lithic sandstones. Total gas readings ranged between 17 units and 22 units in the claystones and 22 units to 42 units in the sandstones. Maximum gas peak of 42 units was at 1655m. The sands in this interval were mainly very fine to occasionally medium grained with common to abundant kaolin matrix and nil to rarely fair but dominantly poor visual porosity. | TG 17-42u C1 95.5% C2 2.9% C3 1.6% C4 0 |
| 1702-1838 | Strzelecki Formation. The interval 1702-1838m is characterized by interbedded and laminated claystones and and lithic sandstones. Total gas readings ranged between 6 units and 10 units in the claystones and 8 units to 28 units in the sandstones. Maximum gas peak of 28 units was at 1717m. The sands in this interval were very fine to medium grained with common to abundant kaolin matrix and nil to occasionally fair visual porosity. | TG 6-28u C1 96.1% C2 2.6% C3 1.3% C4 0 |
| | | |
| | | |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

| | | | | |
|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 5****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|---|
| 1639-1702 | <p>Strzelecki Formation.</p> <p>Sandstone (50%) interbedded and laminated with Claystone (50%).</p> <p>SANDSTONE: light to medium green grey, very fine to medium, dominantly fine, subangular to subrounded, moderately sorted, moderate silica and weak calcareous cement, common to abundant white argillaceous matrix, abundant off white altered feldspars and grey green lithic grains, trace brown to red lithics, trace to common quartz grains, trace coarse brown mica flakes, trace black coaly detritus, rare pyrite, friable to moderately hard, nil to occasionally fair dominantly very poor to poor visual porosity, no oil fluorescence.</p> <p>CLAYSTONE: light to medium green grey to medium grey to medium brown grey, moderately silty, trace very fine black carbonaceous specks and coal detritus, trace very fine altered feldspar grains in part, trace micromica, firm, non fissile.</p> |
| 1702-1838 | <p>Strzelecki Formation.</p> <p>Sandstone (70%) interbedded and laminated with Claystone (30%).</p> <p>SANDSTONE: light to medium green grey, very fine to medium, dominantly fine to medium, subangular to subrounded, moderately sorted, moderate silica and calcareous cement, common to abundant white argillaceous matrix, abundant feldspars and grey green lithic grains, trace to common brown to red lithics, trace quartz grains, trace coarse brown mica flakes, trace black coaly detritus, rare pyrite, friable to moderately hard, nil to rarely fair visual porosity, no oil fluorescence.</p> <p>CLAYSTONE: off white to dark green grey to medium grey to medium brown grey, slightly to very silty, trace very fine black carbonaceous specks and coal detritus, trace very fine altered feldspar grains in part, trace micromica, firm, non fissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 6

PEP 157
Date: 26-07-04

Depth: 1935m

Progress: 97m

Days from Spud: 6

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: POOH to recover Core No.1.

Comments:

POOH at 1933m for Core No.1. Trip gas at 1933m = 23 units. Cut Core No.1 - barrel jammed after 2m.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 1838-1904 | Strzelecki Formation. The interval 1838-1904m is characterized by interbedded and laminated claystones and lithic sandstones. Total gas readings ranged between 4 units and 10 units in the claystones and 8 units to 22 units in the sandstones. Maximum gas peak of 22 units was at 1873m. The sands in this interval were very fine to medium grained with common to abundant kaolin matrix and nil to occasionally fair visual porosity. | TG 4-22u C1 96.5% C2 2.5% C3 1.0% C4 0 |
| 1904-1933 | Strzelecki Formation. The interval 1904-1933m is characterized by interbedded and laminated lithic sandstones with minor claystones. Total gas readings ranged between 6 units to 20 units. Maximum gas peaks of 20 units were at 1912m and 1921m. The sands in this interval were very fine to medium grained with abundant kaolin matrix and poor visual porosity. | TG 6-20u C1 96.6% C2 2.4% C3 1.0% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

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|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 6****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|---|
| 1838-1904 | <p>Strzelecki Formation. Sandstone (50%) interbedded and laminated with Claystone (50%). SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, subangular to subrounded, moderately sorted, moderate silica and calcareous cement, abundant white argillaceous matrix - matrix supported in part, abundant feldspars and grey green lithic grains, common brown to red lithics, trace quartz grains, trace coarse brown mica flakes, trace black coal detritus, moderately hard, nil to poor visual porosity, no oil fluorescence. CLAYSTONE: light to dark grey to medium green grey to occasionally medium brown grey, moderately to very silty, trace very fine black carbonaceous specks and coal detritus, trace very fine altered feldspar grains in part, trace micromica, firm, non fissile.</p> |
| 1904-1933 | <p>Strzelecki Formation. Sandstone (90%) interbedded and laminated with Claystone (10%). SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, subangular to subrounded, moderately sorted, moderate silica and calcareous cement, abundant white argillaceous matrix - matrix supported in part, abundant feldspars and grey green lithic grains, common brown to red lithics, trace quartz grains, trace coarse brown mica flakes, trace black coal detritus, moderately hard, very poor to poor visual porosity, no oil fluorescence. CLAYSTONE: light to dark grey to medium green grey to occasionally medium brown grey, moderately to very silty, trace very fine black carbonaceous specks and coal detritus, trace very fine altered feldspar grains in part, trace micromica, firm, non fissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)
DAILY GEOLOGICAL REPORT No. 7**PEP 157**
Date: 27-07-04**Depth:** 1971m**Progress:** 36m**Days from Spud:** 7**Rig:** Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner**GL(AHD):** 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m**0600 hrs Update:** Drill ahead at 2021m in Strzelecki Formation (Background gas 7-10 units).
Correlation: Trifon-2 1976m = Trifon-1 1977m, ie. Trifon-2 (0.5m Low SS).
Correlation: Trifon-2 1990m = Trifon-1 1988m, ie. Trifon-2 (3.5m Low SS).**Comments:**

Recover Core No.1, Cut 1933.0-1935.25m (2.25m) Recovered 2.25m (100%).

Trip gas at 1935m = 20 units.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 1933-1971 | Strzelecki Formation. The interval 1933-1971m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 4 units and 10 units in the claystones and between 3 units and 10 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with abundant kaolin matrix and poor visual porosity. | TG 3-10u C1 96.9% C2 2.4% C3 0.7% C4 0 |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

**TRIFON No.2 (Deepening)
DAILY GEOLOGICAL REPORT No. 7****PEP 157
Date: 27-07-04****Depth: 1971m Progress: 36m Days from Spud: 7**

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Drill ahead at 2021m in Strzelecki Formation (Background gas 7-10 units).
Correlation: Trifon-2 1976m = Trifon-1 1977m, ie. Trifon-2 (0.5m Low SS).
Correlation: Trifon-2 1990m = Trifon-1 1988m, ie. Trifon-2 (3.5m Low SS).

Comments:

Recover Core No.1, Cut 1933.0-1935.25m (2.25m) Recovered 2.25m (100%).

Trip gas at 1935m = 20 units.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 1933-1971 | Strzelecki Formation. The interval 1933-1971m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 4 units and 10 units in the claystones and between 3 units and 10 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with abundant kaolin matrix and poor visual porosity. | TG 3-10u C1 96.9% C2 2.4% C3 0.7% C4 0 |

| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)
DAILY GEOLOGICAL REPORT No. 8

PEP 157
Date: 28-07-04

Depth: 1971m **Progress: 157m** **Days from Spud: 8**

| | |
|------------------------------------|------------------------------------|
| Rig: Hunt Rig No.2 | GL(AHD): 25.0m |
| Drilling Rep: Lou DeVattimo | RT: (datum) 28.4m |
| Geologist: David Horner | Last Casing: 178mm at 1265m |

0600 hrs Update: Drill ahead at 2158m.
Possible fracture/fault zone 2125-2140m as evidenced by abundant crystalline calcite vein infill and mud losses from 2125-2140m at 43 bbls/hr. LCM pill pumped at 2140m to control losses.

Comments:
Possible fracture zone at 1998m.
Correlation: Trifon-2 1976m = Trifon-1 1977m, ie. Trifon-2 0.5m Low.
Correlation: Trifon-2 1990m = Trifon-1 1988m, ie. Trifon-2 3.5m Low.
Correlation: Trifon-2 2039m = Trifon-1 2041m, ie. Trifon-2 0.5m High.
Correlation: Trifon-2 2112m = Trifon-1 2113m, ie. Trifon-2 0.5m Low.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--|--|
| 1971-2128 | Strzelecki Formation. The interval 1971-2128m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 8 units and 18 units in the claystones and between 5 units and 11 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with abundant kaolin matrix and very poor to poor visual porosity. | TG 5-11u C1 97.4% C2 1.7% C3 0.9% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
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|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 8****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|--|
| 1971-2128 | <p>Strzelecki Formation.</p> <p>Sandstone (70%) interbedded and laminated with Claystone (30%).</p> <p>SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and weak calcareous cements, common white argillaceous matrix, abundant green grey lithics, common red brown lithics, common quartz grains, common black carbonaceous detritus, trace coarse brown mica flakes, moderately hard, nil to poor visual porosity, no oil fluorescence.</p> <p>CLAYSTONE: medium to dark grey to medium brown grey to medium green grey, moderately to very silty, trace to common black coal detritus, common very fine altered feldspar grains in part, trace micromica, firm, slightly subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)
DAILY GEOLOGICAL REPORT No. 9

PEP 157
Date: 29-07-04

Depth: 2240m

Progress: 112m

Days from Spud: 9

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: Drill to 2256m, circulate hole clean prior to POOH for new bit due to low ROP.

Comments:

Possible fracture/fault zones at 2125-2140m, 2170-2180m, 2205-2220m, 2235-2245m as evidenced by abundant crystalline calcite vein infill and mud losses of 43 to 120 bbls/hr. LCM pills pumped to control losses.

Carbide at 2158m = 125 units, hole in gauge.

Correlation: Trifon-2 2112m = Trifon-1 2113m, ie. Trifon-2 0.5m Low SS.

Correlation: Trifon-2 2152m = Trifon-1 2156m, ie. Trifon-2 2.5m High SS.

Correlation: Trifon-2 2230m = Trifon-1 2238m, ie. Trifon-2 6.5m High SS.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 2128-2240 | Strzelecki Formation. The interval 2128-2240m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 8 units and 12 units in the claystones and between 6 units and 32 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with abundant kaolin matrix and very poor to poor visual intergranular porosity. Possible fracture/fault zones were present at 2125-2140m, 2170-2180m and 2205-2220m; due to mud losses occurring at 43 to 120 bbls per hour from these zones it can be assumed significant fracture porosity/permeability is present in these intervals. | TG 6-32u C1 97.8% C2 1.6% C3 0.6% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|--------------------|------------------|------------------|---------------------------|
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|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 9****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|--|
| 2128-2240 | <p>Strzelecki Formation.</p> <p>Sandstone (70%) interbedded and laminated with Claystone (30%).</p> <p>SANDSTONE: off white to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and calcareous cements, common white argillaceous matrix, abundant green grey lithics, common red brown lithics, common quartz grains, common black carbonaceous detritus, trace coarse brown mica flakes, common crystalline calcite vein infill in part, moderately hard, very poor visual intergranular porosity, probable good fracture porosity 2125-2140m, 2170-2180m, 2205-2220m, 2235-2245m, no oil fluorescence.</p> <p>CLAYSTONE: medium to dark grey, occasionally medium brown grey to medium green grey, moderately to very silty, trace black coal detritus, common very fine altered feldspar grains in part, trace crystalline calcite vein infill in part, trace micromica, firm, subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 10

PEP 157
Date: 30-07-04

Depth: 2270m

Progress: 30m

Days from Spud: 10

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update:

Drill to 2290m, mud losses from 2277m at 40 bbls/hr. Possible fracture/fault zone at 2275-2285m as evidenced by mud losses and crystalline calcite vein infill in cuttings samples.

Correlation: Trifon-2 2278m = Trifon-1 2285m, ie. Trifon-2 5.5m High SS.

Comments:

Drill to 2256m, circulate hole clean prior to POOH for new bit due to low ROP. RIH and drill ahead.

Trip gas at 2256m = 27 units.

Correlation: Trifon-2 2230m = Trifon-1 2238m, ie. Trifon-2 6.5m High SS.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 2240-2270 | Strzelecki Formation. The interval 2240-2270m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 8 units and 12 units in the claystones and between 12 units and 20 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with nil to poor visual intergranular porosity, with probable good fracture porosity being present at 2275-2285m as evidenced by mud losses and crystalline calcite vein infill in cuttings samples. | TG 8-20u C1 97.5% C2 1.9% C3 0.6% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

| | | | | |
|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 10****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|--|
| 2240-2270 | <p>Strzelecki Formation.</p> <p>Sandstone (70%) interbedded and laminated with Claystone (30%).</p> <p>SANDSTONE: off white to medium green grey, very fine to medium, dominantly fine to medium, angular to subrounded, moderately sorted, moderate silica and calcareous cements, common to abundant white argillaceous matrix, abundant green grey lithics, common red brown lithics, common quartz grains, common black carbonaceous detritus, trace coarse brown mica flakes, trace to common crystalline calcite vein infill in part, moderately hard, nil to poor visual intergranular porosity, no oil fluorescence.</p> <p>CLAYSTONE: medium to dark grey to medium brown grey to medium green grey, moderately to very silty, common black coaly flecks and detritus, common very fine altered feldspar grains in part, trace micromica, firm, subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 11

PEP 157
Date: 31-07-04

Depth: 2357m

Progress: 87m

Days from Spud: 11

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: RIH to cut Core No.2.

Comments:

Mud losses from 2277m at 40 bbls/hr. Possible fracture/fault zone at 2275-2285m as evidenced by mud losses and crystalline calcite vein infill in cuttings samples.

Correlation: Trifon-2 2278m = Trifon-1 2285m, ie. Trifon-2 5.5m High SS.

Correlation: Trifon-2 2299m = Trifon-1 2304m, ie. Trifon-2 3.5m High SS.

Correlation: Trifon-2 2337m = Trifon-1 2345m, ie. Trifon-2 6.5m High SS.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|--|
| 2270-2357 | Strzelecki Formation. The interval 2270-2357m is characterized by interbedded and laminated lithic sandstones and claystones. Total gas readings ranged between 8 units and 12 units in the claystones and between 12 units and 20 units in the sandstones. No significant gas peaks were present in this interval. The sands in this interval were very fine to medium grained with nil to poor visual intergranular porosity, with probable good fracture porosity being present at 2275-2285m as evidenced by mud losses and crystalline calcite vein infill in cuttings samples. | TG 8-20u C1 97.6% C2 1.6% C3 0.8% C4 0 |
| | | |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------|-----------------|---------------|---------------|------------------------|
|-----------------|-----------------|---------------|---------------|------------------------|

| | | | | |
|-----------------------------------|------|------|-------|---------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

**Provisional, based on mudlog*

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 11****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|--|
| 2270-2357 | <p>Strzelecki Formation.</p> <p>Sandstone (60%) interbedded and laminated with Claystone (40%).</p> <p>SANDSTONE: off white to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and calcareous cements, common to abundant white argillaceous matrix, abundant green grey lithics, common red brown lithics, trace to common quartz grains, trace black carbonaceous detritus, trace coarse brown mica flakes, moderately hard, nil to poor visual intergranular porosity, probable good fracture porosity at 2275-2285m as evidenced by mud losses and crystalline calcite vein infill, no oil fluorescence.</p> <p>CLAYSTONE: medium to dark grey to medium brown grey to medium green grey, moderately to very silty, common black coaly flecks and detritus, common very fine lithic sand grains in part, trace micromica, firm, subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 12

PEP 157

Date: 1-08-04

Depth: 2366m

Progress: 9m

Days from Spud: 12

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: RIH, pick up kelly prior to drilling ahead.

Comments:

Trip gas at 2357m = 83 units.

Cut Core No.2: Cut 2357.0- 2366.0m (9.0m), Recovered 2357.0-2365.28m (8.28m, 92%)

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|--|---|
| 2357-2366 | Strzelecki Formation. CORE No.2. Gas levels whilst coring rose from 20 units at to top to 55 units at the base of the cored interval. | TG 20-55u C1 97.2% C2 1.9% C3 0.9% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 12****Lithological and Fluorescence Description**

| Interval (m) | Description |
|------------------------|--|
| 2357-2366 CORE No.2 | <p>CORE No.2 Cut 2357.0m to 2366.0m (9.0m), Recovered 2357.0 to 2365.28m (8.28m, 92%) Core fibre glass sleeved - not removed from sleeve at rig, chip samples taken at rig at end of each cut section for microscopic description.</p> <p>CHIP SAMPLE DESCRIPTIONS:</p> <p>2357.00m SANDSTONE: light to medium green grey, very fine to medium, dominantly fine to medium, angular to subrounded, moderately sorted, moderate silica and weak calcareous cements, common to abundant white argillaceous matrix, abundant off white to green grey lithics, trace red brown lithics, common quartz grains, trace black carbonaceous detritus, trace coarse brown mica flakes, moderately hard, very poor visual porosity, no oil fluorescence.</p> <p>2357.28m SANDSTONE: as for 2357.00m.</p> <p>2358.08m SANDSTONE: as for 2357.00m.</p> <p>2359.11m SANDSTONE: as for 2357.00m.</p> <p>2360.14m SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and weak calcareous cements, common to abundant white argillaceous matrix, abundant off white to green grey lithics, trace red brown lithics, common quartz grains, common black carbonaceous detritus, trace coarse brown mica flakes, moderately hard, very poor visual porosity, no oil fluorescence.</p> <p>2361.03m SANDSTONE: as for 2360.14m.</p> <p>2362.16m SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and weak calcareous cements, common to abundant white argillaceous matrix, abundant off white to green grey lithics, trace red brown lithics, common quartz grains, abundant black carbonaceous detritus, trace coarse brown mica flakes, 3mm wide horizontal calcite infilled fracture, moderately hard, very poor visual porosity, no oil fluorescence.</p> <p>2363.16m SANDSTONE: as for 2360.14m.</p> <p>2364.28m SANDSTONE: as for 2360.14m.</p> <p>2365.28m CLAYSTONE: dark grey, moderately silty, moderately carbonaceous, common black coal detritus, trace micromica, moderately hard, subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 13

PEP 157
Date: 02-08-04

Depth: 2366m

Progress: 85m

Days from Spud: 13

Rig: Hunt Rig No.2
Drilling Rep: Lou DeVattimo
Geologist: David Horner

GL(AHD): 25.0m
RT: (datum) 28.4m
Last Casing: 178mm at 1265m

0600 hrs Update: Drill ahead at 2479m. Gas peak from coal interbed at 2474m of 130 units. Background gas 30-40 units mainly from carbonaceous material in the sandstone and claystone.

Comments:

Trip gas at 2366m = 38 units.

Carbide gas check at 2442m = 137 units, hole in gauge.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|---|
| 2366-2451 | Strzelecki Formation. The interval 2366-2451m is characterized by interbedded and laminated sandstones and claystones. The claystones have background gas readings ranging between 10 units and 20 units and the sandstones 10 units to 30 units. The more carbonaceous and coaly bands gave up to 38 units of total gas. Visual porosity estimates in the sandstones ranged from nil to poor, dominantly very poor. | TG 10-38u C1 97.2% C2 1.9% C3 0.9% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | | | |

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 13****Lithological and Fluorescence Description**

| Interval (m) | Description |
|--------------|--|
| 2366-2451 | <p>Strzelecki Formation Sandstone (70%) interbedded and laminated with Claystone (30%). SANDSTONE: light to medium green grey, very fine to medium, dominantly medium, angular to subrounded, moderately sorted, moderate silica and weak calcareous cements, common to abundant white argillaceous matrix, abundant off white to green grey lithics, trace red brown lithics, common quartz grains, trace black carbonaceous detritus, trace coarse brown mica flakes, common crystalline calcite vein infill in part, moderately hard, very poor visual porosity, no oil fluorescence. CLAYSTONE: medium to dark grey to occasionally medium brown grey to medium green grey, moderately to very silty, trace to common black coaly flecks and detritus, trace micromica, common crystalline calcite vein infill in part, firm to moderately hard, subfissile.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 14

PEP 157
Date: 03-08-04

Depth: 2500m

Progress: 49m

Days from Spud: 14

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Run Schlumberger Logs: Run-1 HAL-Sonic-PEX (T.D. to Shoe) GR to surface. Resistivity Failed. Hole tight at 1450m. Run-2 Resistivity. 0600hrs RIH with Resistivity tool.

Comments:

Reached T.D. 2500m at 1045 hrs 3rd August, 2004, circulate hole clean, condition hole, POOH to log. Run Schlumberger logs: Run-1 HAL-Sonic-PEX.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---|---|
| 2451-2500 | Strzelecki Formation. The interval 2451-2500m is characterized by interbedded and laminated sandstones and claystones. The claystones have background gas readings ranging between 30 units and 60 units and the sandstones 30 units to 60 units. A coaly interbed at 2474m gave up to 130 units of total gas. Visual porosity estimates in the sandstones ranged from nil to very poor. | TG 10-38u C1 97.6% C2 1.7% C3 0.7% C4 0 |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | 2500 | -2472 | 0 |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 14****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|---|
| 2451-2500 T.D. | <p>Strzelecki Formation Sandstone (70%) interbedded and laminated with Claystone (30%) with thin Coal interbed at 2474m.</p> <p>SANDSTONE: light to medium green grey, very fine to medium, dominantly fine to medium, angular to subrounded, moderately sorted, moderate silica and calcareous cements, common to abundant white argillaceous matrix, abundant off white to green grey lithics, trace to common red brown lithics, trace to common quartz grains, common black coaly detritus, trace coarse brown mica flakes, common crystalline calcite vein infill in part, moderately hard to hard, nil to very poor visual porosity, no oil fluorescence.</p> <p>CLAYSTONE: off white to dark grey to medium brown to medium green grey, moderately to very silty, common to abundant black coaly flecks and detritus, trace micromica, trace crystalline calcite vein infill in part, moderately hard, subfissile.</p> <p>COAL: dark brown to black, moderately to very argillaceous, earthy texture, platy to blocky fracture, hard, brittle in part.</p> |
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LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening) DAILY GEOLOGICAL REPORT No. 15

PEP 157
Date: 04-08-04

Depth: 2500m

Progress: 0m

Days from Spud: 15

| | | | |
|----------------------|---------------|---------------------|----------------|
| Rig: | Hunt Rig No.2 | GL(AHD): | 25.0m |
| Drilling Rep: | Lou DeVattimo | RT: (datum) | 28.4m |
| Geologist: | David Horner | Last Casing: | 178mm at 1265m |

0600 hrs Update: Tripping out of hole and laying out drill pipe

Comments:

Run Resistivity log (T.D. to shoe), RIH for cleanout trip prior to running casing.

| Interval (mRT) | Hydrocarbon Show Summary | Gas |
|----------------|---------------------------|-----|
| | No new formation drilled. | |
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| Formation Tops: | Prognosed (mRT) | Actual* (mRT) | Actual* (mSS) | Difference* (High/Low) |
|-----------------------------------|-----------------|---------------|---------------|------------------------|
| Haunted Hills Gravels | 3.7 | 3.7 | +24 | 0 |
| Jemmy's Point Formation | 79 | 91 | -63 | 12 Low |
| Tambo River Formation | 164 | 165 | -137 | 1 High |
| Gippsland Limestone | 232 | 232 | -204 | 0 |
| Lakes Entrance Formation | 619 | 563 | -535 | 56 High |
| LaTrobe Group (top clastics) | 688 | 688 | -660 | 0 |
| LaTrobe Group (top coal measures) | 834 | 837 | -809 | 3 Low |
| Strzelecki Group | 1235 | 1236 | -1208 | 1 Low |
| T.D. (Phase 2) | 2500 | 2500 | -2472 | 0 |

*Provisional, based on mudlog

LAKES OIL N.L.

(A.C.N. 004247214)

TRIFON No.2 (Deepening)**PEP 157****DAILY GEOLOGICAL REPORT No. 15****Lithological and Fluorescence Description**

| Interval (m) | Description |
|---------------------|---------------------------|
| | No new formation drilled. |
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