



LAKES OIL N.L.

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The Manager - Companies
Australian Stock Exchange Limited
Stock Exchange Centre
530 Collins Street
MELBOURNE VIC 3000

Dear Sir,

GILBERT-1A PROGRESS REPORT VIC/P47 OFFSHORE GIPPSLAND BASIN VICTORIA

Lakes Oil (ASX code "LKO") has been advised by the operator that the Gilbert-1A well has been drilled to a final total depth of 810 metres. The current operation is rigging up to run wireline logging tools in accordance with the evaluation programme.

The Top Gurnard Formation was intersected at 622 metres (5.5 metres low to prognosis), the Latrobe Formation at 660 metres (12.5 metres high to prognosis) and the Strzelecki Formation at 672 metres (123.5 metres high to prognosis). All formation tops are preliminary at this stage.

Fluorescence shows were encountered over the Gurnard Formation interval 624 to 636 metres. Elevated gas readings were encountered in several zones through the Gurnard, Latrobe and Strzelecki Formations. While these shows are considered encouraging they cannot be taken as indicating movable hydrocarbons or suitable reservoirs. The ongoing wireline logging evaluation programme will more fully address the hydrocarbon and reservoir potential of the Gilbert-1A well.

Forward operations are to complete the evaluation programme which is expected to take approximately two days.

The Gilbert-1A well is located in offshore Gippsland Basin permit Vic/P47.

Participants in the Gilbert-1 well are:

	Drilling Contribution	Post Farmin Participation
Gippsland Offshore Petroleum Ltd (ASX Code: GOP)	95%	51%
Eagle Bay Resources NL (ASX Code: EBR)	5%	10%
Lakes Oil N.L. (ASX Code: LKO)	0%	26%
Moby & Gas Limited (ASX Code MOG)	0%	10%
Stellar Resources Ltd (ASX Code: SRZ)	0%	3%
Bass Strait Oil Company Ltd, Operator (ASX Code: BAS)	0%	0%
	100%	100%

**BOUNDARY CREEK-2
PEP 157 ONSHORE GIPPSLAND BASIN VICTORIA**

Rigging up has been completed and the Boundary Creek-2 well is expected to commence drilling later today.

This well is designed to test the Strzelecki Formation encountered in a stratigraphic core hole drilled by Lakes Oil in 2001 which encountered gas.

Lakes Oil believes that the knowledge it has gained in its Wombat and Trifon fields will be important in its assessment of this large surface anticline.

Lakes Oil N.L. 100% interest.

**PATROBUS-1 STRATIGRAPHIC CORE HOLE
PEP 155 EASTERN BLOCK, ONSHORE GIPPSLAND BASIN, VICTORIA**

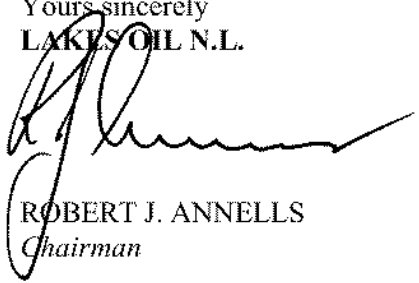
Lakes Oil advises that the Patrobus-1 Stratigraphic well has reached a total depth of 282 metres. No visual hydrocarbon shows were encountered however the core will be sent for analysis to assess if hydrocarbons may have passed through the lower section.

We will now move to the second of our stratigraphic core holes designed for the area Banjo-1. It is planned to commence drilling the top hole with a percussion rig before moving on the core rig when available.

Participating interest in the designated area after the farm-in is completed will be:

Lakes Oil N.L.	46%
Gippsland Offshore Petroleum Ltd	51%
Stellar Resources Ltd	3%

Yours sincerely
LAKE OIL N.L.



ROBERT J. ANNELLS
Chairman