



LAKES OIL N.L.

(A.C.N. 004 247 214)

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1 August 2005

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

Dear Sir,

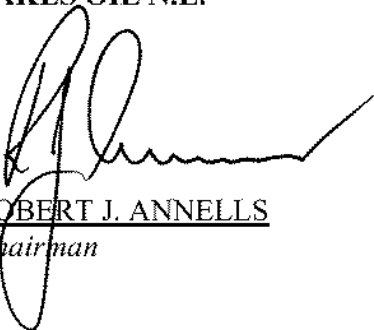
**BELLARINE 1 WELL
PEP 163, ONSHORE OTWAY BASIN, VICTORIA**

Lakes Oil N.L. ("LKO") advises that at 6:00 AM this morning the Bellarine – 1 well was at a depth of 862 metres having progressed 147 metres in the past twenty-four hours.

The fracture concentration continues to increase through this interval with an increase in gas peaks of up to 25 units. The interval which flowed gas to surface at Hindhaugh Creek-1 was encountered at a similar depth here with a significant increase in fracture concentration indicating the fracture zone may have a large horizontal extent. This zone will be tested open hole once the hole has been logged at the next casing depth at approximately 1,000 metres.

Jupiter Energy Victoria Pty Ltd is earning a 50% interest in permit PEP 163 by funding the first \$1.2 million of the cost of drilling the Bellarine 1 well.

Yours sincerely
LAKES OIL N.L.



ROBERT J. ANNELLS
Chairman