



LAKES OIL N.L.

(A.C.N. 004 247 214)

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12 December 2003

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

Dear Sir,

**DRILLING REPORT "WOMBAT- 1" WELL, PEP 157
Onshore Gippsland Basin, Victoria**

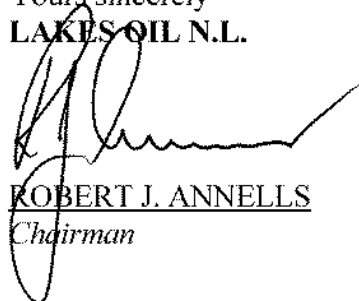
Lakes Oil N.L. ("LKO") wishes to advise that at 6:00 AM this morning the Wombat-1 well was at a depth of 1066 metres and is running in the hole with a new drilling bit.

Wombat-1 is located 3 kilometres northeast of the township of Seaspray in Gippsland, and is designed to test Latrobe Group sands, and the underlying Golden Beach Formation and Strzelecki Formation sands. The well is sited at the crest of the Wombat structure.

The Merriman-1 well, drilled by Arco in the 1960's, was drilled downdip at the edge of the structure and encountered good reservoir quality sands in the Golden Beach Formation and Latrobe Group. Minor gas shows were encountered in the Tertiary section. Gas has flowed from tight Strzelecki Formation sands in wells immediately north of Wombat-1, and there is some evidence that Strzelecki Formation reservoir quality may improve to the south in the Seaspray area.

The Wombat Block is located in PEP 157. Lakes Oil has retained a 92.5% interest in the Wombat Block subject to a 5% overriding royalty held by Roma Petroleum N.L.

Yours sincerely
LAKES OIL N.L.



ROBERT J. ANNELLS
Chairman

WOMBAT-1

Estimated Time vs Depth

