



LAKES OIL N.L.

(A.C.N. 004 247 214)

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31 March 2004

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

Dear Sir,

WOMBAT 2 DRILLING
PEP 157, ONSHORE GIPPSLAND BASIN, VICTORIA

Lakes Oil ("LKO") advises that the well commenced drilling at 10:30 PM last night and at 6:00 AM this morning was drilling ahead in a 17 1/2" hole at a depth of 100 metres. During the next twenty four hours it is planned to drill ahead to the first casing point at a depth of 300 metres.

The Wombat 2 well is a step out from the Wombat 1 discovery well and is located approximately 4 kilometres west of Seaspray and 2 kilometres south west of Wombat 1.

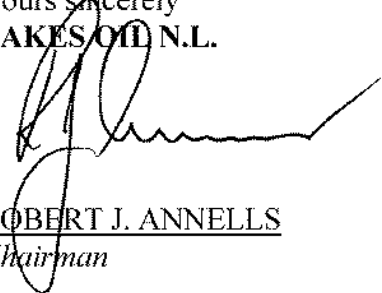
The Wombat Block is located in PEP 157. An overriding royalty of 5% of the wellhead value of any hydrocarbon production is payable to Roma Petroleum N.L. a former holder of the permit.

WOMBAT 1 UPDATE
PEP 157, ONSHORE GIPPSLAND BASIN, VICTORIA

The Wombat 1 well continues to clean up, flowing increasing amounts of gas and decreasing amounts of water to the surface with occasional bursts of condensate/light oil.

The tests will continue until the well settles into a sustained rate of production which may be a number of weeks.

Yours sincerely
LAKES OIL N.L.


ROBERT J. ANNELLS
Chairman