



LAKES OIL N.L.

(A.C.N. 004 247 214)

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23 April 2004

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

Dear Sir,

**WOMBAT 2 APPRAISAL WELL
PEP 157, ONSHORE GIPPSLAND BASIN, VICTORIA**

Lakes Oil ("LKO") advises that at 6:00 AM today the Wombat 2 well was at a depth of 1550 metres and running electric logs.

Core 1 cut over the interval 1497 – 1506 metres consisted of very fine to medium grained sandstone, including two thin beds of shale clasts. After recovering the core the well drilled ahead to its current depth before pulling out of the hole and rigging up to run electric logs.

A decision as to deepening the well will be made on assessment of the logs.

Should we decide not to drill on, 7 inch casing will be set to the current depth in preparation to re-test the interval 1355 - 1391 which was unsuccessful on earlier attempts. The lower levels which successfully flowed gas to surface are being assessed for fracturing potential.

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 permit holder.

Yours sincerely
LAKES OIL N.L.



ROBERT J. ANNELLS
Chairman