



# LAKES OIL N.L.

(A.C.N. 004 247 214)

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11 October 2004

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

Dear Sir,

**UPDATE WOMBAT 3 DRILLING  
PEP 157, ONSHORE GIPPSLAND BASIN, VICTORIA**

Further to Friday's report advising gas flowing to the surface, we advise the flow rate increased rapidly to an estimated 3-4 million cubic feet a day. This estimated rate was sustained for about 30 minutes before the rate began to rapidly decline to a stabilised flow of about 60,000 cubic feet a day indicating that bridging has occurred in the well which has the effect of blocking flow. Currently we are assembling equipment on site to allow us to re-test this zone which is expected to take place late tomorrow.

Wombat 1 is currently scheduled to a total depth of 2500 metres to evaluate the numerous gas shows encountered in Wombat 1 and 2.

Wombat 3 is located mid way between Wombat 1 and 2, approximately 1 kilometre from each well.

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.

Yours sincerely  
**LAKES OIL N.L.**

**ROBERT J. ANNELLS**  
*Chairman*