



LAKE OIL N.L.

(A.C.N. 004 247 214)

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7 March 2005

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

Dear Sir,

**PEP 157 – ONSHORE GIPPSLAND BASIN, VICTORIA
ECHIDNA HIGH NO. 1 WELL**

Lakes Oil ("LKO") advises that at 6:00 AM this morning the Echidna High - 1 well was drilling ahead at a depth of 1280 metres having progressed 275 metres since the last report.

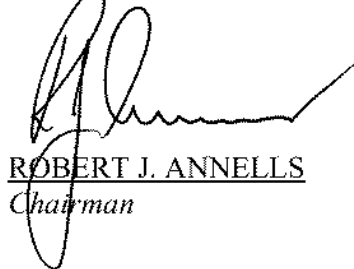
The section intersected so far has been affected by faulting and consequently the top of the Strzelecki horizon will be deeper than anticipated.

WOMBAT NO. 2 WELL

Wombat 2 well continues to flow gas to surface. The well will be shut in later today to allow the build up pressures to be monitored.

The Echidna High 1 well and the Wombat 2 well are 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
LAKE OIL N.L.



ROBERT J. ANNELLS
Chairman