



LAKE OIL N.L.

(A.C.N. 004 247 214)

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2 June 2006

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

Dear Sir,

PLACEMENT OF SHARES

Lakes Oil ("LKO") advises that it has today placed a total of 75,000,000 ordinary fully paid shares at 1.8 cents each to raise a total of \$1,350,000 before brokerage. In addition, 25,000,000 unlisted options (on a 1:3 basis) are to be issued exercisable at 1.8 cents each expiring 2 June 2007. An appendix 3B will be issued at the time of allotment and receipt of cleared funds.

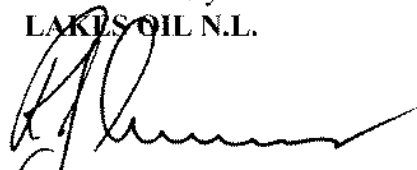
No shareholder approval to the placement is required.

Accordingly the trading halt can now be lifted.

The purpose of this placement is to raise funds working capital requirements and ongoing exploration activities, including additional costs for:-

- Additional cost overruns in the testing of Eagle North-1 well in San Joaquin Basin California USA.
- Re-entry of the Hunters Lane-1 well drilled in 1997.
- Additional testing of the Trifon-2 and North Seaspray-3 wells.
- Seismic survey currently being carried out in PEP 163 and PEP 164 onshore Otway Basin Western Victoria.

Yours sincerely
LAKE OIL N.L.



ROBERT J. ANNELLS
Chairman