



LAKE OIL N.L.

(A.C.N. 004 247 214)

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3 April 2007

The Manager - Companies
Australian Stock Exchange Limited
Level 45, South Tower
Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir,

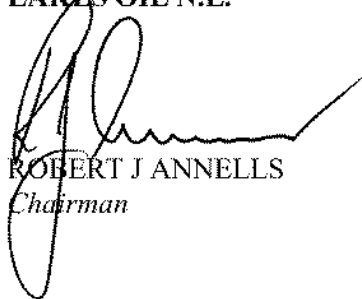
**DRILLING HAZELWOOD-1 WELL
PEP 166, ONSHORE GIPPSLAND BASIN, VICTORIA**

Lakes Oil N.L. ("LKO") advises that at 6:00 AM today the Hazelwood-1 well was at a depth of 988 metres and drilling ahead in 311 mm (12 1/4") hole.

The Hazelwood-1 well is designed to test gas which has been observed in the Strzelecki Formation in previous wells drilled in the area and to test the Rintoul's Sandstone which is expected to be encountered above basement.

Lakes Oil N.L. currently holds a 50% interest in the permit but is earning an additional 25% interest by 100% funding of the drilling of this well and the Boola Boola-1 well. AusAm Resources will then hold a 25% interest in the permit.

Yours faithfully
LAKE OIL N.L.



ROBERT J ANNELLS
Chairman