



LAKE OIL N.L.

(A.C.N. 004 247 214)

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25 June 2007

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

Dear Sir,

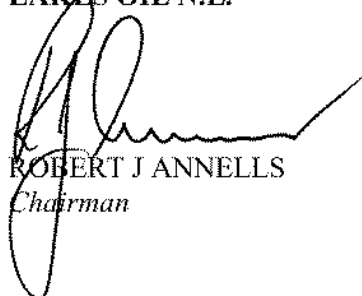
**BOOLA BOOLA-2 WELL REACHES 1,821 METRES
PEP 166, ONSHORE GIPPSLAND BASIN, VICTORIA**

Lakes Oil N.L. ("LKO") advises that at 6:00 AM today the Boola Boola-2 well located in PEP 166 was at a depth of 1,821 metres and changing the bit in preparation to drill ahead to our objective to intersect the Rintouls Creek Sandstone/Tyers Conglomerate or reach basement.

Lakes Oil is drilling deeper in an attempt to find a permeable reservoir and good quality source rock it is also desirable to drill deeper to ascertain the geothermal potential of the area. The geothermal permit holder of the area, Greearth Energy, has agreed to meet some of the drilling costs to help deepen the well to basement to gain some very valuable data within the permit.

Lakes Oil is currently earning an additional 25% in the permit by funding the drilling of two wells, Hazelwood-1 and Boola Boola-2. At the completion of this well the interests in this permit will be Lakes Oil 75% and AusAm Resources 25%.

Yours faithfully
LAKE OIL N.L.



ROBERT J ANNELLS
Chairman