



LAKES OIL N.L.

(A.C.N. 004 247 214)

Registered Office:
Level 11
500 Collins Street
Melbourne Vic. 3000
Telephone: (03) 9629 1566

Postal Address:
P.O. Box 300
Collins Street West
Melbourne Vic. 8007
Facsimile: (03) 9629 1624

9 January 2008

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

Dear Sir,

OPERATIONAL UPDATE

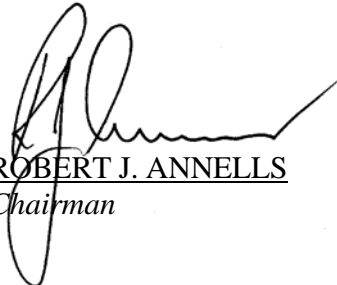
NAPIER HIGH – 1 WELL

Lakes Oil N.L. (“LKO”) advises that the Napier High–1 well has begun drilling in PEP 158 Onshore Gippsland Basin Victoria. This well is designed to test the top Strzelecki formation encountered in other wells drilled by Lakes Oil in the Onshore Gippsland Basin. Our secondary target is the bio degraded oil encountered in our most recently drilled well, Alberton-1, which was suspended due to ‘Rig’ problems. It is planned to re-enter Alberton–1, after the completion of Napier High and drill on to 1200m.

WOMBAT 3D SEISMIC

Lakes Oil also announces that the 3D Seismic crew and equipment is due to arrive at the “Wombat” site over the next few days. The “shooting of 3D seismic over the Wombat structure is due to begin Monday 23 January. This will be the first 3D seismic shot onshore Gippsland and we believe it will help us better understand the Wombat structure. The Wombat structure has flowed gas to surface as well as recovering oil and condensate.

Yours sincerely
LAKES OIL N.L.



ROBERT J. ANNELLS
Chairman