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ALBERTON 1, NAPIER HIGH 1 AND WOMBAT 3D SEISMIC SURVEY UPDATE

ALBERTON 1 (PEP 158)

Lakes Oil N.L. advises that Alberton1 well in PEP 158 was drilled to a total depth of 998 metres. The well was cored at numerous intervals, logged and then plugged and abandoned on 22 February 2008.

The primary target, the Strzelecki Group, was intersected at about 285 metres beneath Tertiary coals, gravels and sands that contained heavily biodegraded oil sands and weathered volcanics. The Strzelecki Group consisted of a thick potential reservoir and source sequence consisting mainly of alternating sandstones and carbonaceous siltstones. The potential reservoirs were mainly tight fractured sandstones that contained elevated background gas below 490 metres.

Initial log evaluation by U.S consultants indicates hydrocarbon saturation below 700 metres, similar to results we have encountered elsewhere in the basin.

These results show the possibility that the Alberton area may be another Strzelecki tight gas region. In addition, these results also have the potential to upgrade the Napier High area.

Examination of all well data will continue in order to fully evaluate the significance and nature of the black sands and the reservoir potential of the Strzelecki Group encountered.

NAPIER HIGH 1 (PEP 158)

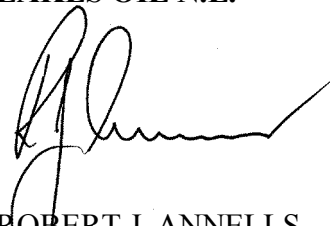
In early February, Napier High 1 was temporarily suspended at 121 metres until new surface conductor could be installed to stabilise moving sands near the top of the well. However, work carried out by Drilltec's percussion rig to stabilise the moving sands has taken longer than anticipated. Due to time constraints on Lakes Oil N.L. to furnish a retention lease application and the uncertainty of the Bournedrill's rig availability at this time, we have terminated the casing program and will return to the site following successful granting of a retention lease.

WOMBAT SEISMIC SURVEY (PRL 2)


The Wombat Field 3D Seismic Survey has now been completed and the raw data is being processed in Brisbane. We expect final processing to be completed in about 4-5 weeks.

This survey is the first 3 D survey conducted in the onshore Gippsland Basin and we believe the results will significantly improve structural mapping of the Wombat Field and provide better imaging of deeper events in the area.

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