



LAKES OIL N.L.

(A.C.N. 004 247 214)

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

Dear Sir,

BOOLA BOOLA-2 WELL PEP 166, ONSHORE GIPPSLAND BASIN, VICTORIA

Lakes Oil N.L. ("LKO") advises that the Boola Boola-2 well located in PEP 166 spudded on 2nd June and is now at a depth of 576 metres. The well is currently setting surface casing.

The anticipated depth of this well is 1,500 metres and will target the Lower Strzelecki Sandstone Formation and the Rintouls Formation and is programmed to drill to basement.

Lakes Oil believes this to be a most important well as it is designed to encounter the thick organic rich shale unit observed in the recently drilled Hazelwood-1 well. At Hazelwood the shale had been subjected to high heat flow during maturation and was therefore over mature to produce hydrocarbons, however by moving closer to the edge of the basin it is hoped that the shale will be better positioned to generate hydrocarbons.

The results of this well will have important ramifications for the entire 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%.

PETROHUNTER ENERGY CORPORATION

The current agreement between Lakes Oil and PetroHunter has been terminated by Lakes as settlement was not effected by the due date.

If Lakes had extended the agreed settlement date it would have effectively given PetroHunter a "free carry" through the important Boola Boola 2 well. Lakes chose to terminate the current agreement and to renegotiate.

Yours faithfully
LAKES OIL N.L.

ROBERT J ANNELLS
Chairman