



LAKES OIL N.L.

(A.C.N. 004 247 214)

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2 July 2008

Kate Kidson
Principal Adviser, Issuers
ASX Limited
Level 45
South Tower
Stock Exchange Centre
525 Collins Street
Melbourne Vic 3000

Dear Ms Kidson,

RE: LAKES OIL PRICE QUERY

We refer to your letter dated 1 July 2008.

We respond to your questions as follows, adopting the same numbering as used in your letter:

1. The Company is aware of the following possible unannounced information concerning it which, in part or in combination, might be an explanation for trading in the Company's shares on 1 July 2008 of some 2% to 3% of the Company's shares at an increased price of 0.9cents rather than 0.7cents. In broad terms, the following possible unannounced information is either a matter of public record or alternatively is preliminary and relatively speculative in nature:
 - a) There has been strong focus on oil and gas companies having regard to a range of worldwide and Australian factors. This includes increasing world record demand for oil and gas assets and possible concerns about other energy assets, including the front page reference in *The Australian* on 1 July 2008 which speculated that the gas price on the east coast of Australia could double. In addition, there is a strong focus on other tight gas fields, including the 13 June 2008 Alcoa announcement regarding its WA joint venture tight gas project.
 - b) The Company has an investment of approximately 10.5% in Roma Petroleum NL which is presently the subject of a takeover offer. The takeover offer values the Company's investment in Roma Petroleum NL at approximately \$5.2 million in cash and shares. It may be that the market is recognising the potential value of this investment.
 - c) The Company recently raised \$5 million from a share purchase plan that was well-supported by investors, and the Company is thus well placed to proceed with its drilling program, as previously disclosed to shareholders and the market.
 - d) A letter to shareholders dated 9 May 2008 flagged that the low market capitalisation of the Company could leave the Company vulnerable to takeover. The Company is not aware of any party building a stake in the Company for that purpose at this stage. However, the Company continues to believe that its share price potentially represents good value.
 - e) The Company's letter to shareholders dated 9 May 2008, referred to above, also referred to the July 2006 estimate of gas-in-place of 535.4 bcf potential of the Wombat structure. Clearly this is speculative, and is not

*Internet Site: www.lakesoil.com.au
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a reserve. However, the Company has engaged an independent expert to prepare a report in relation to possible contingent reserves. The Company does not expect to receive this report until late July 2008. At this stage, the Company does not know whether contingent reserves will be determined or if contingent reserves are determined, the extent of those contingent reserves.

- f) The Company continues to investigate potential acquisitions and divestments from time to time, including funding options. However, no binding arrangements are in place.
 - g) It is possible that investors are restructuring after tax loss selling in the previous financial year.
2. We refer you to paragraph 1. Some of the items detailed in paragraph 1 are a matter of public record and generally well known, the remainder are at the preliminary or speculative stage only and insufficiently definite to warrant definitive disclosure at this time. We do not consider that there is anything imminent that would warrant requesting a trading halt.
 3. No.
 4. Yes.
 5. Please do not hesitate to contact me if you require any further clarification regarding the above.

Yours sincerely,



Raymond South
Company Secretary

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1 July 2008

Raymond South
Company Secretary
Lakes Oil NL
Level 11
500 Collins Street
Melbourne

By email only

Dear Ray

Lakes Oil NL (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a close of 0.7 cents on 30 June 2008 to a high of 0.9 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at kate.kidson@asx.com.au or by facsimile on **facsimile number 03 9614 0303**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie **before 9.30 a.m. E.S.T.) on Wednesday, 2 July 2008.**

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Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Sent by electronic means without signature

Kate Kidson
Principal Adviser, Issuers