



A.C.N. 004 247 214

**Lakes Oil N.L.**

**Media Release  
14 March 2017**

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## **MEDIA RELEASE**

### **Open Message to all Victorians**

Lakes Oil NL (**Lakes Oil** or **Company**, ASX: LKO) notes the finding of the Australian Energy Market Operator (**AEMO**), announced on 9 March, that a major gas shortage looms for east coast Australia unless there is a swift market response, such as exploration and development of new gas fields. While the AEMO finding has for some time been predicted by gas users and producers alike, it is ironic that it came just days after the Andrews Labor Government irresponsibly voted to prohibit all onshore gas exploration within the state and to permanently ban fracking.

There is no justification for the Government's action, and nor has any been proffered. On the contrary, the Government has succumbed to the at best misguided, but routinely deceitful, protestations of minority lobby groups. Sadly, these groups have bent the truth to cause alarm and trigger emotional rather than considered responses.

The fact is that gas exploration activities have been conducted without incident across Australia for over 100 years. Without exception, international and Australian scientific studies, including by organisations such as Harvard Business School and Australia's Chief Scientist, have found that fracking is completely safe and have not raised a single concern with conventional gas exploration. Suggestions that exploration activity will damage groundwater resources are demonstrably false, including by reference to water science studies published by the Victorian Department of Environment, Land, Water and Planning in collaboration with the Geological Survey of Victoria.

The Victorian Government's unprincipled actions deprive Victorian people and industry of access to a resource that is essential to both the economy of the state and the well-being of its people, who are much more dependent upon gas than residents of any other Australian state. Rather than protecting "clean, green farming", the prohibition on gas exploration means farmers have no say regarding what happens on their land, are unable to earn secure, non-farm income and will likely see existing income eroded as the agricultural processing sector struggles to remain competitive.

Given the energy supply crisis now threatening the economies of both Victoria and east coast Australia more generally, it is negligent of Government to prevent Victoria's onshore gas wealth from being utilised. As has been reported by Geoscience Australia, and demonstrated by Lakes Oil, Victoria's onshore gas resources are comfortably sufficient to overcome the threat to the Victorian economy, but quick action is required.



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Lakes Oil is Australia's oldest exploration company and has been involved in onshore Victorian exploration for over 90 years. The Company has existing wells already capable of producing gas, but idle because of the Government's prohibition, and has new wells ready to drill to unlock vast gas resources that have been independently demonstrated to exist in both the Gippsland and Portland regions. Being onshore in Victoria, these resources can be produced and delivered at very low cost compared with alternative sources, to not only save Victorian manufacturing and agricultural processing sectors that are dependent on reliable supplies of inexpensive gas, but also to meet the needs of homes, hospitals and, potentially, for reliable generation of electricity in gas turbines installed at locations like Hazelwood or Portland.

Lakes Oil publicly supports both the concept of 'royalties for regions' and farmers having a power of veto regarding what happens on their land.

Quick action is required by the Andrews Labor Government to recognise the foolishness of its position and to overturn not only the prohibition on conventional gas exploration but also, in the interest of maximising economic benefits for the state, the ban on fracking. Fracking offers an important and safe means for maximising the efficiency of gas production activities, and has been instrumental in kick-starting the US economy over recent years.

If the Andrews Labor Government fails to take action to allow the State's gas resources to be harnessed, then blame for the inevitable skyrocketing gas and electricity prices, industry shutdowns, job losses, social disruption and perhaps worse will rest squarely with those Members of Parliament who voted to implement the prohibition on onshore gas exploration.

Lakes Oil urges all rational Victorians to contact their Parliamentary representatives and urge that scientific fact, objectivity and common sense prevail over self-serving, emotion-driven political agendas.

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