

## *Media Release*

### *Solution to East Coast Australian Gas Supply Problems: Victorian Onshore Conventional Gas*



A.C.N. 004 247 214

**Lakes Oil N.L.**

**Media Release  
23 October 2018**

[www.lakesoil.com.au](http://www.lakesoil.com.au)

#### **Highlights:**

- **East Coast Australia experiencing gas shortages and high prices**
- **Lakes Oil has Independently Certified Contingent Gas Resources**
- **Onshore Victorian Conventional Gas would be low-cost**

Lakes Oil NL (ASX: LKO) notes renewed reports highlighting soaring gas futures prices for 2019 reflecting forecast declining supply and consequent gas price increases on the Australian East Coast.

The high prices are both a threat to industry viability and are causing massive increases in the cost of electricity for householders, particularly in Victoria where wholesale price increases of 20% have been reported this financial year. This situation is likely to worsen as the availability of gas from the Australian Bass Strait continues to decline.

It is of concern that the dire circumstances facing east coast industry and Victorian householders are self-inflicted by Government action, particularly the Victorian Government's ban on all onshore petroleum and gas exploration and development until July 2020.

Lakes Oil has independently certified<sup>1</sup> Contingent Recoverable Gas Resources at its Wombat gas field of 329 PJ and, at the adjacent Trifon-Gangell gas field, of 390 PJ.

In addition, Lakes Oil has significant gas production potential at its Otway and Portland Energy Projects. It is independently estimated<sup>2</sup> that the Focus Area for the Portland Energy Project contains 11.5 trillion cubic feet of recoverable gas, a significant portion of which will be recoverable by conventional means.

Mr Chris Tonkin, Chairman of Lakes Oil, said "Based upon conventional gas production techniques the Wombat and Trifon-Gangell gas fields could by themselves supply 20 PJ of gas per annum, or ten per cent of Victoria's gas demand, while conventional gas from the Portland Energy Project could meet all of the state's needs for 15 years or more. Since all of this gas is onshore, high-quality and conventional it can be produced and sold at prices much lower than those presently being suffered.

The Victorian Government should be called upon to immediately remove its unprecedented State wide ban on exploration and development of the State's conventional gas resources, and allow that gas to be produced for the benefit of all Victorians".

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Note 1: Source of estimate: Gafney, Cline and Associates, as reproduced on pages 24-25 of “Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL”, SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Note 2: Source of estimate: SRK Consulting (Australasia) Pty Ltd, as reproduced on page 29 of “Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL”, SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.