

MEDIA RELEASE

LAKES OIL NL

Response to Government Ban on Gas Exploration

The Board of Lakes Oil NL expresses its extreme disappointment with the Victorian Government's decision, announced yesterday, to maintain the ban on all gas exploration onshore in Victoria.

The extension of the ban on conventional gas exploration until mid-2020 is unprecedented. The Government's media release provides no rationale for the ban, instead focussing only on the ban on unconventional gas exploration. There is no justification for a ban on conventional gas exploration, and Government presented no basis for its position.

Chairman of Lakes Oil, Mr Chris Tonkin, said "This is a sad day for the State of Victoria. The Government's decision is not only a tragic outcome for an industry that has for decades operated safely, it is also a tragedy for Victorian business, jobs, householders and the environment".

Victoria's manufacturing and agriculture sectors are heavily reliant on gas, both as an energy source and as a feedstock. Frustrating the potential for development of onshore gas resources will see continued high gas prices in the State, reducing the attractiveness of Victoria as an investment destination, leading to lost job opportunities and compounding sovereign risk issues in Victoria.

Victorian householders, Australia's most dependent upon gas for environmentally friendly and efficient heating and hot water, will suffer ongoing high prices.

Without improved availability of gas, it will be difficult and prohibitively expensive for Victoria to achieve its greenhouse gas abatement targets. Achievement of those targets will necessarily involve closure of brown coal fired power stations along with a transition to gas fuelled generation, as a complement to renewables.

Chief Executive Officer of Lakes Oil, Mr Roland Sleeman, advised that "The ban is clearly contrary to the expressed intent of current Victorian Petroleum Legislation, which is to encourage exploration for gas and promote gas production for the benefit of all Victorians".

As one consequence of the ban, the \$1 million underwriting of the company's current capital raising is (in accordance with its terms) not available. The Converting Notes issue will close on Friday 9 September 2016 (as previously advised) but it is proposed that subscribers who have already lodged applications will be given a 1 month opportunity to redeem their subscriptions should they so wish. A Supplementary Prospectus will be issued shortly.

Chairman of Lakes Oil, Mr Chris Tonkin, stated "Lakes Oil must now consider all options. The company has, in good faith and in accordance with legislation, invested heavily in onshore gas exploration in Victoria, the company's home-base since it was established in 1946."

Lakes Oil N.L.



CHRIS TONKIN

Chairman

Ph: 0412 110 955



A.C.N. 004 247 214

Lakes Oil N.L.

Media release

31 August 2016

www.lakesoil.com.au

Registered Office:
Level14,
500 Collins Street
Melbourne Vic 3000
Ph: +61 3 9629 1566

