



A.C.N. 004 247 214

Lakes Oil N.L.

ASX

**Announcement
and media release**

31 August 2016

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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.

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".

A copy of the Victorian Government's media release implementing the ban is attached. The ban permanently prohibits unconventional gas exploration in Victoria, and also prohibits conventional gas exploration until 30 June 2020.

Lakes Oil has today issued a separate Media Release which is available on the Company's website.

Lakes Oil N.L.

CHRIS TONKIN

Chairman

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Media Release

The Hon Daniel Andrews MP

Premier



Tuesday, 30 August, 2016

VICTORIA BANS FRACKING TO PROTECT FARMERS

In a national first, the Andrews Labor Government today announced a permanent ban on the exploration and development of all onshore unconventional gas in Victoria, including hydraulic fracturing ('fracking') and coal seam gas.

The permanent legislative ban, to be introduced to Parliament later this year, will protect the 'clean, green' reputation of Victoria's agriculture sector, which employs more than 190,000 people, and provide much-needed certainty to regional communities.

The decision ends the anxiety felt by Victorian farmers about the environmental and health risks associated with fracking and forms part of the government response to the 2015 Parliamentary Inquiry into *Onshore Unconventional Gas in Victoria*.

This Inquiry received more than 1600 submissions, mostly opposed to onshore unconventional gas. It is clear that the Victorian community has spoken – they simply don't support fracking.

The Government's decision is based on the best available evidence and acknowledges that the risks involved outweigh any potential benefits to Victoria.

Our state is the nation's top food and fibre producer with exports worth \$11.6 billion. The permanent ban protects our farmers and preserves Victoria's hard-won reputation for producing high quality food.

Exemptions to the ban will remain for other types of activities that are not covered by the current moratorium, such as gas storage, carbon storage research and accessing offshore resources. Exploration and development for offshore gas will also continue.

Until the legislation is passed by Parliament, the current moratorium on unconventional onshore gas exploration and development will stay in place.

The Labor Government will also legislate to extend the current moratorium on the exploration and development of conventional onshore gas until 30 June 2020, noting that fracking will remain banned. We will undertake the most extensive scientific, technical and environmental studies in Australia on the risks, benefits and impacts of onshore gas.

These will be overseen by an expert panel, headed by the Lead Scientist Amanda Caples, and will include farmers and industry, business and community representatives.

Quotes attributable to Premier Daniel Andrews

"Our farmers produce some of the world's cleanest and freshest food. We won't put that at risk with fracking."

"Victorians have made it clear that they don't support fracking and that the health and environmental risks involved outweigh any potential benefits."

Quotes attributable to Minister for Resources Wade Noonan

"There has been a great deal of community concern and anxiety about onshore unconventional gas – this decision gets the balance right."

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“We have carefully considered the Parliamentary Inquiry’s key findings and recommendations, consulted widely and made our decision on the best available evidence.”