

27 June 2024

ASX Release

Lakes Secures Significant Funding Through Sale of PEP 169

Highlights:

- *Terms agreed for sale of Lakes' 49% interest in Petroleum Exploration Permit 169, Victoria.*
- *Lakes to receive A\$6.5 million cash plus a royalty over revenue from petroleum sales.*
- *Lakes is now able to expedite pursuit of the significantly larger Wombat project.*

The Directors of Lakes Blue Energy NL (**Lakes**, or the **Company**; ASX:LKO) are pleased to announce that terms have been agreed with ADZ Energy Pty Ltd (**ADZ**) for sale to ADZ of Lakes' 49% interest in Victorian Petroleum Exploration Permit 169 (**PEP 169**). Consideration for the sale comprises:

- A\$6.5 million cash, of which \$0.34m will be received immediately (but in escrow), \$2.66m will be received (and the \$0.34m released from escrow) when transaction documentation has been signed and approval received for a one-year extension of the term of PEP 169, and the balance of \$3.5m will be received following registration of the transfer to ADZ of ownership of PEP 169; plus
- a royalty on net (wellhead) revenue from any future sales of petroleum from ADZ's existing 51% share of PEP 169. This is in addition to royalty arrangements over Lakes' 49% share, which will be assigned to ADZ.

Mr Richard Ash, Chairman of Lakes, said "Recognising the significant funding in place from the transaction with ADZ and the Company's diverse portfolio of interests and activities, submissions will now be made to the Australian Stock Exchange seeking to have trading of LKO shares reinstated".

Mr Roland Sleeman, Chief Executive Officer of Lakes, said "The transaction with ADZ is a great outcome for Lakes' shareholders. The Company is now funded to prepare for and drill the Wombat-5 well in the second quarter of 2025 and, in parallel through the royalty arrangement with ADZ, will also benefit from any exploration success within and petroleum sales from PEP 169. The Wombat-5 well is designed to commercialise the 100% Lakes owned Wombat gasfield

It is anticipated transaction documentation will be executed early in July 2024. The timeframe for granting of the one-year licence extension and subsequent release of the two initial payment amounts, totalling \$3.0m, is dependent upon Victorian regulatory arrangements. The application for licence extension will be submitted today and it is anticipated approval could take of the order of 1 month.

This announcement has been authorised and approved by the Board of Lakes Blue Energy NL for lodgement with ASX.

For more information, please contact:

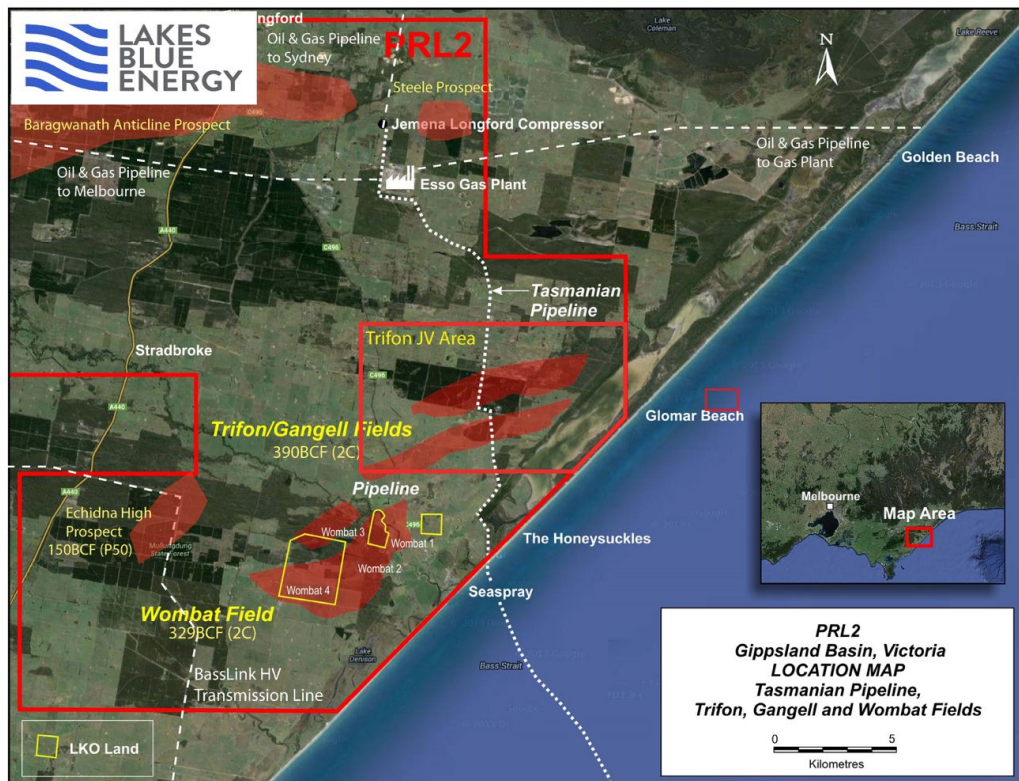
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Background Information

The 100% Company owned Wombat Gas Field is located within Petroleum Retention Lease 2 (PRL 2), as illustrated in the following figure, together with the 100% Company owned Trifon/Gangell Gas Field.



Together, the Wombat and Trifon/Gangell Gas Fields contain independently estimated contingent (2C) gas resources totalling 719 Billion cubic feet (Bcf), of which it is expected around 450 Bcf will be recoverable by conventional means. This is significantly (an order of magnitude) more than is prognosed for the Enterprise North Prospect within PEP 169.

The Company envisages an integrated approach to development of the Wombat and Trifon/Gangell Gas Fields. Sales gas production would initially be from the Wombat Gas Field with the Trifon/Gangell Gas Field developed to support steady gas sales over a 20-year period. On this basis, the estimated conventional sales gas potential of the fields is at least 20 PJ/a, representing 10% of Victorian gas demand.

Note - Source of gas resource estimates: 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. 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).