

Rig Establishment Underway for On-time Drilling of Wombat-5

HIGHLIGHTS:

- **First containers arrived on site Sunday 20 July 2025, marking the start of rig establishment at Lakes' 100%-owned Wombat Gas Field in Victoria's Gippsland Basin**
- **Drilling of Wombat-5 well remains on schedule to commence 31 July 2025**
- **Key infrastructure now in place, with site works nearing completion and rig establishment in full swing**
- **Wombat Gas Field hosts a certified 2C resource of 329 Bcf¹, part of a combined 719 Bcf¹ resource including the adjacent Trifon Gangell field**
- **Wombat-5 is targeting near-term gas supply to the east coast market, with independently assessed production potential of up to 10 TJ/day²**
- **The well will test gas production from upper Strzelecki Formation, informed by past drilling and flow test success**

Lakes Blue Energy NL (ASX: LKO) (Lakes or the Company) is pleased to confirm that drill rig establishment is now underway at the Company's flagship Wombat Gas Field, with the first containers arriving on site Sunday evening, 20 July 2025.

This milestone keeps the Company on track to spud the Wombat-5 well on 31 July 2025, with all key approvals now in place and current site earthworks nearing completion.

Located on freehold land within Victoria's Gippsland Basin, the Wombat Gas Field hosts an independently certified 2C gas resource of 329 Bcf¹(billion cubic feet). The adjacent Trifon Gangell field has an additional 390 Bcf¹ of gas that can be developed

¹ See pages 4 and 5 of LKO Quarterly Activities Report, 31 March 2025, for sources of estimates. The Company confirms that all the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

² 1 TJ per day is a Terajoule or 1,000 GJ (giga joules) per day. A giga joule is the basis for quoted gas prices which typically range from \$12/ GJ (contract) to \$20/GJ on the recent spot market in Victoria. 1 million cubic feet is equal to 1GJ, and 1,000 Terajoules and 1,000,000GJ is equal to a Petajoule or 1 PJ.

as part of the larger project, bringing the combined resource base to 719 Bcf. Wombat-5 is designed to unlock this resource and support a new, near-term supply of domestic gas into the east coast market.

The Wombat-5 well will build on insights from the previous four wells drilled prior to the Victorian onshore drilling moratorium in 2013. Wombat-5 is targeting the upper Strzelecki Formation, with a horizontal well designed to pass through the most productive sand packages encountered in Wombat-2 & Wombat-3. The well has been engineered to achieve materially greater flow rates than were possible with previous, vertical wells.

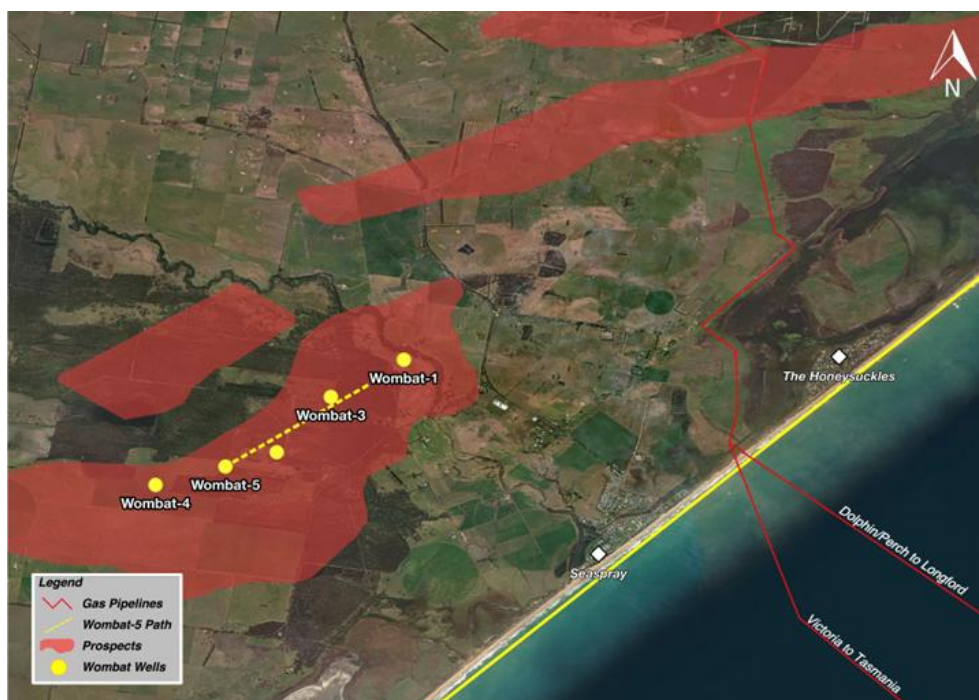


Figure 1 – Map showing the proposed path of the lateral component of the Wombat-5 well

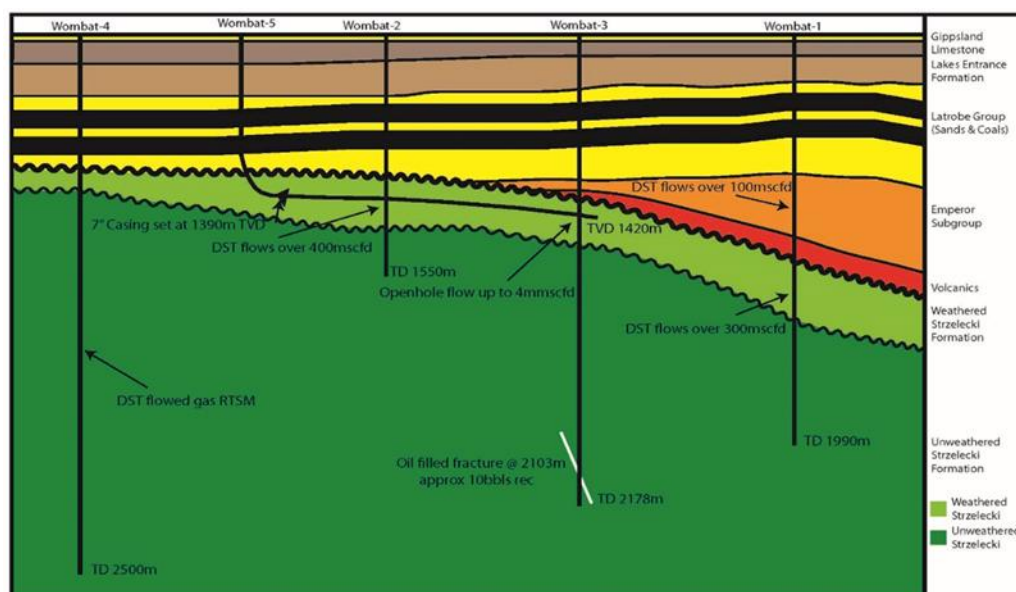


Figure 2 – Cross section of the proposed path of the Wombat-5 well, including previous wells drilled prior to 2013

The sand package in Wombat-2 was last tested as part of a proposed (2010) \$50m farmin by Beach Energy (which was cancelled owing to the Victorian exploration ban). Testing at that time recorded an average flow rate of approx. 800,000 cubic feet per day³ over a 12-day test period, with peaks of approx. 2.4 million standard cubic feet per day³ (MMscfd).



Figures 3 and 4 – Flaring of the gas from the Wombat-2 well

Wombat-3, drilled in October 2004, targeted the same sand package now being pursued at Wombat-5. Wombat-3 was drilled underbalanced⁴ and allowed to free-flow gas. It delivered an estimated 4.0 MMscfd³ before encountering hole instability issues. These issues, which occurred in a sand zone just above the reservoir, impeded the gas flow rate. Lakes has incorporated casing design changes in its Wombat-5 well plan to prevent this problem from recurring.



³ See pages 4 and 5 of LKO Quarterly Activities Report, 31 March 2025, for sources of estimates. The Company confirms that all the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

⁴ Underbalanced drilling means that gas can flow from the Formation while drilling takes place, rather than being held back by the weight of drilling fluid in the well.

Figures 5 and 6 – Flaring of gas from the Wombat-3 well, flowing at an estimated 4 million cubic feet per day

These earlier results have provided valuable insight into the flow potential from a single sand package in a horizontal well, informing both the design of Wombat-5 and the modelling of its expected performance. Comprehensive data from prior drilling has been incorporated into production forecasts developed by SPC Consulting (Denver, USA).

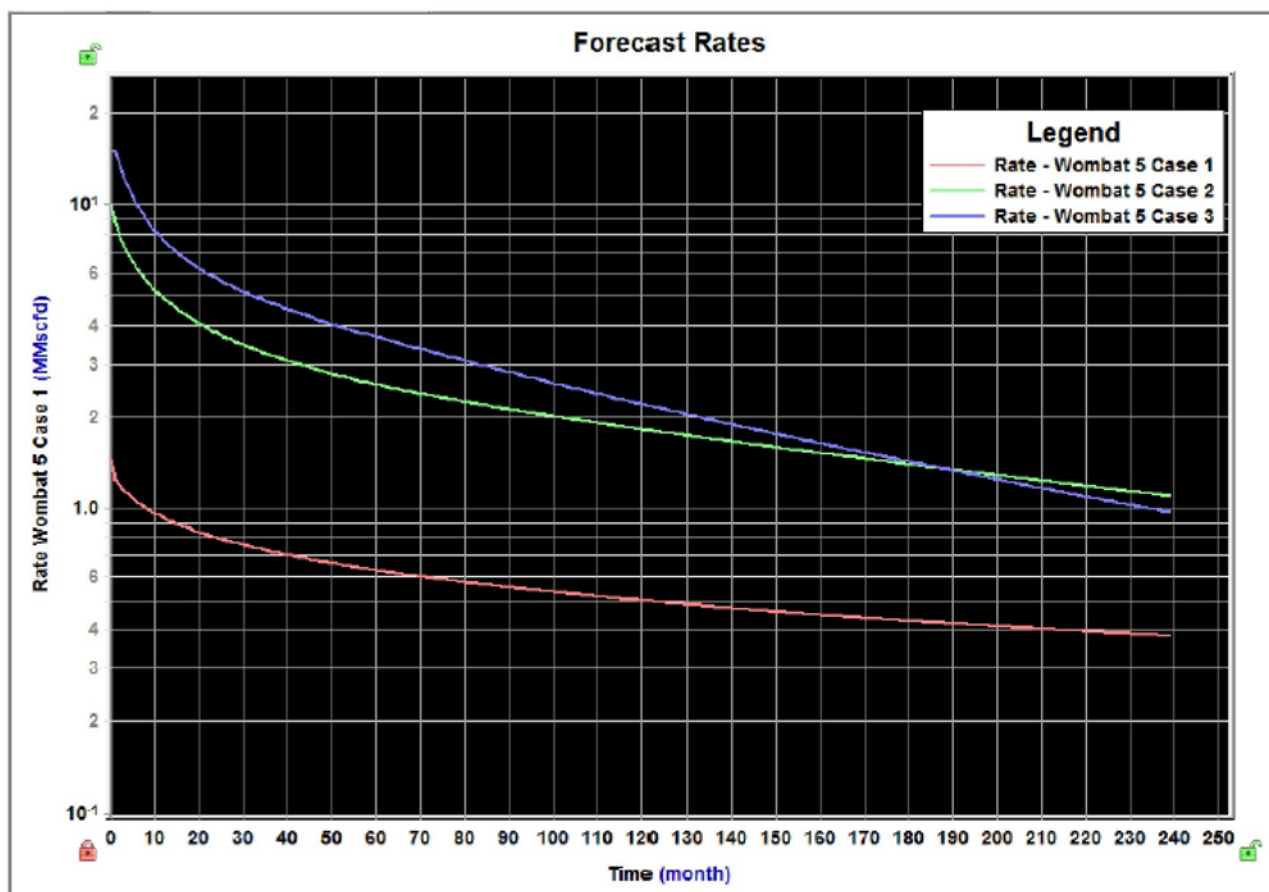


Figure 7 –output from SPC Consulting’s modelling, showing estimated flow rates for Wombat-5 over time

These production forecasts have given Lake’s confidence in the commercial potential of Wombat-5. Even under the low case scenario of an initial 30-day production rate of 1.5 MMscfd, the well is expected to be commercially viable given the relatively low cost of drilling and well completion. In the central case, the well could deliver 10 MMscfd, with a high case of 15 MMscfd. These outcomes would be highly commercial for Lakes and enable the company to fast-track development of the Wombat field and encourage development of the adjacent Trifon-Gangell field.

Under the central case flow scenario, the number of wells required to reach the company’s planned production target of approximately 50 MMscfd (equivalent to ~20 PJ per annum) would be greatly reduced, enhancing overall field efficiency and scalability.

Importantly, Wombat gas is free of impurities such as CO₂, H₂S and mercury (unlike typical offshore Bass Strait resources, which contain high levels of all three contaminants). As a result, the Wombat gas is expected to require very little processing and will carry a significantly lower carbon footprint than gas from offshore resources.

The Company looks forward to providing further updates as it continues to progress drilling preparations and activities on site.

Lakes Chairperson, Mr Roland Sleeman, commented: *"It's pleasing to see equipment arriving on site and mobilisation now underway. This marks a significant step forward for Lakes and reflects the progress the team has made in bringing Wombat-5 to this point. The well has been carefully designed based on strong historical data, and we're confident in its potential to deliver a commercial outcome. With all approvals in place and drilling just around the corner, we're looking forward to seeing the program unfold."*

This announcement was authorised by the Board of Lakes Blue Energy.

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