

Wombat-5 Well, Gippsland Basin, Victoria Drilling Update

The Board of Lakes Blue Energy is pleased to be able to provide the following update on drilling operations at Wombat-5, side-track-1 (ST-1). As at 8:00 am AEST today the status of the well is as set out below:

Days from spud	13
Current depth	1,091 mRT ¹ (MD ²)
24 hrs progress	0 m
Hole size	8-1/2"
Last casing point	9-5/8" set at 302.4 mRT (MD)
Current formation	Latrobe Group
Target formation	Strzelecki Formation
Target formation depth	1,360 mRT (TVD ³)
HS&E LTIs	0

Following the loss of suction on the mud pumps, preventing circulation of mud in the hole, the Contractor has continued to investigate the problem and considers that electrical and/or mechanical failure of the mud pumps and ancillary surface equipment did not contribute to the loss of suction. Their investigation is expected to be completed and reported to Lakes today.

As a result of the inability to circulate mud in the hole the Bottom Hole Assembly (BHA) has become stuck at approximately 1,088 mRT. Attempts to jar the BHA free have been unsuccessful and it has been decided to sever and retrieve the drill-string above the sticking point. The necessary equipment has been sourced and is expected to be onsite this evening to conduct the retrieval tomorrow morning. Lakes has insurance in place to cover the cost of most of the lost drill-string. Once the drill-string has been recovered another cement plug will be set to enable the well to be kicked off around the stuck pipe and drilled ahead to the 7" casing point at approximately 1,548 mRT (MD). Any future drilling is subject to a review of the Contractor's report by the Company.

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

For enquiries regarding this release please contact:

Roland Sleeman

Chairperson

Tel: +61 3 9629 1566

1. mRT means metres below the rotary table, effectively metres below the drilling rig floor.
2. MD means measured depth
3. TVD means true vertical depth