

14 May 2024

ASX Release South Australian Arrowie Basin Arrangements

Highlight:

- *Arrangements for farmin of Gehyra Energy Pty Ltd to Lakes' South Australian Arrowie Basin Petroleum Exploration Licence Applications have been varied.*
- *Gehyra to assume ownership of the tenements. Lakes to receive cash consideration plus ongoing royalties on production of hydrogen, helium or petroleum.*

The Directors of Lakes Blue Energy NL (**Lakes**, or the **Company**; ASX:LKO) are pleased to announce that the Company has reached agreement with Gehyra Exploration Pty Ltd (**Gehyra**), a wholly owned subsidiary of Gehyra Flux Pty Ltd, to vary the arrangements that were entered into in June 2023 to help expedite exploration activity within the Lakes' South Australian Petroleum Exploration Licence Applications (**PELAs**), located in the South Australian Arrowie Basin.

The original (previously announced) arrangements between Lakes and Gehyra provided for:

- Joint (50:50) applicants of the PELAs;
- Gehyra to convert at its expense the PELAs into Petroleum Exploration Licences (**PELs**);
- Lakes retaining rights to petroleum and Gehyra having rights to natural hydrogen from within the PELs, with each party to pay to the other a 2% royalty on petroleum or hydrogen production (respectively).

Under the amended arrangements:

- full ownership of the PELAs, and subsequently the PELs, will be transferred to Gehyra;
- Gehyra will make the following payments to Lakes:
 - A\$150,000 immediately;
 - A\$350,000 on the earlier of 18 months from now or within 20 days of Gehyra obtaining official quotation on the ASX; and
 - A\$1.0 million on announcement of first continuous commercial production of helium or petroleum from any of the PELs; and
- Gehyra will pay to Lakes royalties of 2.5% on any production of either helium or hydrogen and a royalty of 3.5% on any production of petroleum from the PELs.

The amended arrangements are expected to help facilitate the development of indigenous land use agreements (which are a precursor for conversion of the PELAs into PELs) by Gehyra whilst ensuring Lakes will both benefit from any future exploration success and be positioned to retain focus on other opportunities, especially in Victoria.

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

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Arrowie Basin PELAs

