

LAKES BLUE ENERGY NL

ACN 004 247 214

PROSPECTUS

For the Offer of up to 5,428,512,971 Shares at an Offer Price of \$0.0008 per New Share, to raise up to approximately \$4,342,810 before costs (**Offer**).

The Offer comprises

- a General Offer to members of the general public (including Shareholders and Noteholders) who have a registered address in Australia; and
- an Institutional Offer to certain Institutional Investors in Australia and certain other eligible jurisdictions.

The Offer is scheduled to close at 5.00 pm (Sydney time) on 24 January 2022.

Important Notice

This document is a prospectus issued in accordance with section 710 of the Corporations Act 2001 (Cth). This Prospectus contains important information about the Offer. It should be read in its entirety (including the 'Risk Factors' in section 7) before deciding whether or not to apply for New Shares. If, after reading this Prospectus, you have any questions about the Offer, this Prospectus or any other matter you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered highly speculative.

The Offer

This Prospectus is issued by Lakes Blue Energy NL (ACN 004 247 214) (**Lakes or Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an offering to acquire fully paid ordinary shares (**New Shares**) in the Company (**Offer**).

Lodgement and Listing

This Prospectus is dated 7 January 2022 (**Prospectus Date**) and a copy was lodged with the Australian Securities and Investments Commission on that date. The Company will apply to ASX Limited within seven days after the Prospectus Date for reinstatement of the Shares to official quotation. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 7. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or

any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Managers or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

Financial Information Presentation

Section 6 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 6.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 6.

Forward-looking Statements

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company. The forward-looking statements should be read in

conjunction with, and qualified by reference to, the risk factors as set out in Section 7, and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Foreign Jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States, or to United States persons, unless the shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 9.9.2 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Exposure Period

The Corporations Act prohibits the Company from processing acceptances for Shares in the seven-day period after the Prospectus Date.

ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days) (**Exposure Period**). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Acceptance may need to be dealt with in accordance with section 724 of the Corporations Act. Acceptances received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Acceptances received during the Exposure Period.

Prospectus Availability

This Prospectus will generally be made available in electronic form by being posted on Lakes' website at www.lakesblueenergy.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) by contacting Lakes. Contact details for Lakes and details of Lakes' registered office are detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications

Applications for an allocation of Shares may be made only during the Offer Period using the Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from www.lakesblueenergy.com.au. By making an application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

No cooling-off Rights

Cooling-off rights do not apply to an investment in Shares issued or transferred under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Definitions and Abbreviations

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Standard Time.

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Shareholders can obtain a copy of the Company's privacy policy by visiting the Company's website www.lakesblueenergy.com.au. The privacy policy contains further details regarding access, correction and complaint rights and procedures. The Share Registry's privacy policies can be found at <https://www.computershare.com/au/privacy-policies>.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Questions

If you have any questions about how to apply for Shares, please call Lakes on +61 3 9629 1566 from 9.00 am to 5.00 pm (AEST), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 9 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

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1. CORPORATE DIRECTORY

Directors

Richard Ash
Chairman and Non-Executive Director

Nicholas Mather
Non-Executive Director

Roland Sleeman
Executive Director

Chief Executive Officer

Roland Sleeman

Company Secretary

Elissa Hansen

ASX Code

LKO

Registered Office

Suite 303
Level 3
35 Lime Street
Sydney, NSW, 2000
Telephone: +61 3 9629 1566

Website: www.lakesblueenergy.com.au

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 13, Castlereagh Street
Sydney NSW 2000

Auditor

William Buck
Level 20
181 William Street
Melbourne, Victoria, 3000

2. KEY OFFER INFORMATION

Prospectus lodged with ASIC and ASX	7 January 2022
Opening Date	14 January 2022
Closing Date of Offer as at 5.00pm	24 January 2022
Announcement of the results of the Offer	26 January 2022
Issue Date and Allotment Date of new Shares under the Offer	28 January 2022
Despatch of holding statements in relation to all new Shares issued under the Offer	31 January 2022
Confirmation of reinstatement to official quotation by ASX	31 January 2022
Quotation of Shares issued under the Offer	1 February 2022

Note: The dates set out above are subject to change. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules and in consultation with the Lead Managers and Underwriters, to amend the timetable at any time and, in particular, to extend the Closing Date or to withdraw the Offer without prior notice.

The actual date for the commencement of Quotation of the New Shares issued on the Issue Date (as well as the reinstatement of the Company's existing Shares to Official Quotation) is subject to confirmation from ASX.

The Offer	Minimum Subscription	Full Subscription
Offer Price	\$0.0008 per Share	
Number of New Shares offered	3,005,000,000	5,428,512,971
Gross proceeds from Offer	\$2,404,000	\$4,342,810
Total number of Shares on issue at Completion of the Offer	39,958,908,960	42,382,421,931
Convertible Notes on issue at Completion of the Offer	10,921,382,231	10,921,382,231
Market capitalisation at the Offer Price ¹	\$31,967,127	\$33,905,938
Pro forma net cash (as at 30 June 2021)] ²	\$3,615,000	\$5,424,000

¹ Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.

² Pro forma net cash as at 30 June 2021 is calculated based on Pro Forma cash of \$470,000 as at 30 June 2021 from Summary of Historical Statutory Cash Flows (Section 6.4) less payment of IPO transaction costs (see Section 10.11), immediately after Completion of the Offer.

3. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board, I am delighted to offer you the opportunity to participate in this capital raising initiative and, subsequently, in reinvention of Lakes Blue Energy NL (Lakes or the Company).

Lakes is at a water-shed in terms of its development. Having endured eight tough years, during which onshore exploration in Victoria was banned, the Company is now poised to drill the Wellesley-2 well in Queensland and to see a reinstatement of the Company's shares to official quotation on the ASX platform.

The Company's vision, subject to drilling success at Wellesley, is to use revenue from Wellesley to fund commercialisation of the Wombat field in Victoria and, then, to explore further income generating opportunities in Victoria and PNG, and to participate in new, sustainable energy initiatives to help meet the nation's changing energy environment.

Through this Prospectus, Lakes is inviting investors to subscribe for Shares at an Offer Price of \$0.0008 per new Share.

The Company already has firm commitments from investors to raise \$1.146m, by way of the issue of 1,423,500,000 Shares at \$0.0008 per Share, subject to receipt of ASX approval for the resumption of trading of the Company's Shares. These firm advance commitments, together with the \$1.604m underwriting of this Offer, mean that the Company is assured of raising the \$3.550m Minimum Subscription required to satisfy ASX requirements for reinstatement of trading.

The funds raised by the Offer will be used to:

- fund drilling of the Wellesley-2 well, within the Roma Shelf Project in Queensland;
- fund preparation works for resumption of exploration within Victoria;
- meet ongoing corporate costs and for working capital; and
- meet the costs of the Offer.

On the basis of the above the Company has been formally advised by the ASX that the Company's Shares will be reinstated to official quotation, subject to the satisfaction of certain conditions.

This Prospectus contains detailed information about Lakes' operations, financial performance, experienced management team and future plans. It also outlines the potential risks associated with the Offer and investment in Lakes. I encourage you to read this Prospectus carefully before making your investment decision, noting that investors should regard an investment in Lakes as speculative and a long-term proposition.

Investors should be aware that the Company will, in the near-term, be implementing a program to 'mop-up' unmarketable parcels of Shares. Over 50% of the Company's Shareholders hold parcels of shares with a value less than \$500. While such parcels are not marketable on the ASX platform, the Company incurs considerable costs in their administration and management. The Company will therefore, in accordance with its Constitution, be taking action to liquidate these shareholdings. I encourage all shareholders, especially those with unmarketable parcels, to take this opportunity to apply for sufficient New Shares under the Offer to ensure they have marketable parcels and, therefore, participate in the Company's promising future.

On behalf of the Board, I look forward to the ongoing support of existing and new Shareholders and to successful pursuit of the Company's present transformational opportunity.

Yours sincerely



Richard Ash
Chairman, Lakes Blue Energy NL

4. INVESTMENT OVERVIEW

4.1. Introduction

Topic	Summary	Where to find more information
What is Lakes' business?	Lakes is an energy company that is focussed upon: - realising the potential of the Company's diverse portfolio of projects, outlined in section 5.3, to become a supplier of gas to meet Australian industry and household requirements, in both feedstock and energy applications; and - subsequently, to leverage the Company's asset base to be at the vanguard in terms of identifying and promoting emerging technologies to meet the nation's changing energy requirements.	Section 5
What is the Offer?	The Offer is an Offer of up to 5,428,512,981 New Shares, at the Offer Price of \$0.0008 per New Share, to raise up to \$4,342,810 (before costs of the Offer).	Section 11
Are the New Shares Fully Paid?	The New Shares will be fully paid ordinary shares. They will have the same terms and conditions as all other ordinary Shares on issue.	Section 10
What is the purpose of the Offer?	The primary purpose of the Offer is to raise funds for drilling of the Wellesley-2 well in Queensland, and to prepare for recommencement of exploration activity in Victoria. Making of the Offer also satisfies an ASX precondition for resumption of trading of the Company's Shares.	Section 9.1.2

4.2. Key features of Lakes

Topic	Summary	Where to find more information
What are the Company's Projects?	The Company has: - petroleum exploration tenements in Victoria, South Australia, Queensland and Papua New Guinea; - a carbon dioxide project in South Australia; and - a non-material interest in a petroleum exploration tenement in California.	Section 5.3
What is the Company's Business model	The Company's strategy is: - to realise the potential of its exploration projects to become a producer of petroleum to meet Australian industry and household requirements, in both feedstock and energy applications; and - subsequently, to leverage the Company's asset base to be at the vanguard in terms of identifying and promoting emerging technologies to meet the nation's changing energy requirements	Section 5.2

Topic	Summary	Where to find more information
What are the Company's Key objectives?	The Company's objectives are to: • drill the Wellesley-2 well in the Roma Shelf Project, in Queensland, with a view to generating income to fund resumption of exploration in Victoria, and subject to the availability of further funds (whether through gas sales proceeds, or further capital raisings): • drill the Wombat-5 gas well in the Wombat Gas Field, in Victoria, with a view to commercialising the Wombat Gas Field, generating income for further exploration and diversification; • drill the Otway-1 gas well in the Otway Basin, in Victoria, with a view to producing gas for sale; • drill proof of concept wells at the Company's Portland Energy Project in Victoria and, if successful, to develop that project; • commercialise the Nangewarry Carbon Dioxide Project in South Australia, through sale of raw gas for processing into food grade carbon dioxide; • progress exploration of the Buna Prospect (PNG) either through farmout of the project or in the Company's own right by leveraging income from other projects; and • leverage returns from petroleum projects by identifying and developing sustainable energy initiatives to meet the nation's changing energy needs.	Section 5.2
What are the key dependencies of the Company's business model?	The key dependencies are the success of the Company's exploration initiatives and subsequent commercialisation of petroleum production projects, and the Company's ability to identify new energy initiatives that are not only sustainable but also superior to other technologies (such as battery storage of energy).	Section 5.4

What is Lakes' key statutory and pro forma financial information?

The table below presents the summary historical consolidated statutory statement of profit or loss and other comprehensive income for FY19, FY20 and FY21. Further discussion regarding the summarised historical statutory statement of profit or loss and other comprehensive income are set out in section 6

Section 6.5

\$'000	FY19 Audited	FY20 Audited	FY21 Unaudited
Total operating expenses	(3,953)	(1,768)	(1,348)
EBITDAX	(3,953)	(1,768)	(1,348)
EBITDA	(4,165)	(1,867)	(2,951)
EBIT	(4,183)	(1,883)	(2,956)
NLBT	(3,349)	(625)	(4,205)
NLAT	(3,349)	(625)	(4,205)
Loss for the year is attributable to:			
Non controlling interest	14	(5)	(6)
Owners of Lakes Blue Energy	(3,364)	(620)	(4,199)

The table below presents the summary historical consolidated statutory statement of cash flows for FY19, FY20 and FY21. Further discussion regarding the summarised historical statutory statement of cash flows are set out in section 6.

\$'000	FY19 Audited	FY20 Audited	FY21 Unaudited
Net operating cash outflows	(2,264)	(922)	(1,977)
Net investing cash flows	1,186	(5,936)	(1,340)
Net financing cash inflows	2,260	5,022	3,156
Net movement	1,182	(1,838)	(162)
Cash and cash equivalents at the beginning of the financial year	1,287	2,469	631
Cash and cash equivalents at the end of the financial year	2,469	631	469

The table below sets out the summarised unaudited historical consolidated statutory and pro forma statement of financial position as at 30 June 2021. Details of the pro forma statement of financial position, including the pro forma adjustments are set out in section 6

As at \$'000	30-Jun-21		
	Unaudited	Minimum	Full
Current assets	1,153	4,314	6,132
Non current assets	23,480	23,480	23,480
Total assets	24,633	27,794	29,612
Current liabilities	1,626	1,247	1,247
Non current assets	9,947	11,025	11,025
Total liabilities	11,573	12,272	12,272
Net assets	13,060	15,522	17,340

How does Lakes expect to fund its operations?

Lakes expects to fund its existing operations initially through the proceeds of the Offer and, subsequently, through income earned from petroleum production operations. The proceeds of the Offers will be used to:

- fund drilling of the Wellesely-2 exploration well;
- fund preparatory work for the resumption of petroleum exploration onshore within the Gippsland and Otway Basins, in Victoria;
- meet ongoing corporate costs and for working capital; and
- pay the costs of the Offers.

The Directors believe that Lakes will have, or be able to raise, funds as required to carry out future activities, beyond those provided for by the proceeds of the Offer. The Company envisages that, if the Wellesley-2 well successfully identifies a commercial petroleum resource, it will be able to use debt to fund any requisite production infrastructure, thereby minimising ongoing dilution of ownership. However, depending upon the success of exploration activities, Lakes may need to raise additional capital, whether through debt or equity, to fund future activity.

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Reference source not found.

What is Lakes' dividend policy?

The payment of any dividend by Lakes is at the discretion of the Directors and will be a function of a number of factors, including the operating results, cash flows and the financial condition of Lakes, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), and any other factors the Directors may consider relevant. The Directors do not provide any assurance of the future level of dividends paid by Lakes.

Section 10.8.3

What is Lakes' capital structure at the date of this Prospectus

As at the date of this Prospectus, Lakes has on issue:

- 35,521,408,960 Shares; and
- 10,921,382,231 Convertible Notes.

Section 9.4

What will Lakes' capital structure be on Completion of the Offer?

On Completion of the Offer and issue of Shares under the Firm Placements, Lakes will have on issue:

	Minimum Subscription	Fully Subscribed
Shares	39,958,908,960	42,382,421,931
Convertible Notes	10,921,382,231	

A number of Shareholders have agreed, subject to Lakes obtaining the necessary relief from ASIC, to place their existing Shareholdings in voluntary escrow following Completion. Details of the voluntary escrow arrangements are set out in section 10.6.

Section 9.4

4.3. Key risks

Set out below is a summary of specific key risks to which Lakes is exposed. Further detail is provided in section 7. Other general risks associated with the investment are outlined in section 7.2.

Topic	Summary	Where to find more information
Funding Risk	There is no certainty that the Company will in future be able to raise sufficient funds to carry out its stated objectives and planned exploration activity. If Shareholder and/or investor support is not forthcoming, the Company's forward work program will be compromised.	Section 7.2.1
Climate Change Risk	The Company identifies climate change and climate change regulation as strategic risks that ultimately will affect the Company's future operating and financial performance.	Section 7.2.1
Exploration Company Risk	The market's perception of the value of the Company's shares can alter significantly from time to time, causing fluctuations in the Company's share price.	Section 7.2.3
Operating Risk	Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to, or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.	Section 7.2.4
Commercial Discovery Risk	Even if an apparently viable hydrocarbon resource is identified, there is no guarantee that it can be exploited.	Section 7.2.5
Research and Development Risk	The Company received a \$1.03m Research and Development grant in 2013/14 which Innovation and Science Australia now contends the Company did not qualify for. The Company lodged an appeal with the Administrative Appeals Tribunal (AAT) that was heard in 2020. The outcome of the appeal is outstanding. In the event the appeal is unsuccessful the Company will be liable for repayment of the grant (plus possible fines and interest).	Section 7.2.6
Governmental and Regulatory Risk	The impact of actions by governments, the ASX, ASIC or other regulatory bodies may affect the Company's operations including matters such as necessary approvals, land access, sovereign risk, additional or increased taxation or regulation, or royalties which are	Section 7.2.7

Topic	Summary	Where to find more information
	payable on the proceeds of the sale of any successful exploration. Further, the approval of contractual arrangements in relation to exploration permits as well as the renewal of exploration permits is each a matter of governmental discretion and no guarantee can be given in this regard.	
Trading suspension risk	This Offer, together with the Company's other initiatives, is intended to satisfy conditions specified by the ASX for reinstatement of the Company's Shares to official quotation. If the Company is not successful in satisfying these conditions the Company will be delisted.	Section 7.2.8
Reserves and resources risk	Hydrocarbon reserve and resource estimates depend to a significant extent upon interpretations which may prove to be inaccurate or may be varied by future exploration, production, mapping or drilling activity.	Section 7.2.9
Impairment of non-financial assets risk	The Company's assets include capitalised exploration expenditure, evaluation and development costs. An impairment loss may be triggered if these capitalised costs do not meet accounting standard requirements.	Section 7.2.10
Rehabilitation Risk	There is a risk that the Company's estimated costs for rehabilitation of wells could be higher than provided.	7.2.11
General risks	The Company is subject to a number of risks that are general to the petroleum exploration and development industry, or that are general to investment in shares, including: • Market demand and pricing risk; • Environmental risk; • Dependence on key personnel risk; • Native title risk; • Industry nature risk; • Contractual dispute risk; • Investment risk; • Epidemic or other global risks; • Competition risks; and • Bush fires risk.	Section 7.3

4.4. Directors and key management

Topic	Summary	Where to find more information
Who are the Directors?	The Board consists of:	Section 8.1

- Richard Ash - Chairman;
- Roland Sleeman – Director and Chief Executive Officer; and
- Nick Mather – Non-Executive Director.

The profiles of each of the Directors are set out in Section 8.1.

Who are Lakes' key managers?	Mr Tim O'Brien is the Company's Chief Operating Officer.	Section 8.2
	Ms Elissa Hansen is the Company's company secretary.	

4.5. Significant interests of key people and related party transactions

Topic	Summary	Where to find more information
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Who are the Company's key Shareholders and what will their interests be on Completion of the Offer? Substantial Shareholders (holding in excess of 5.0%) of the Company are as follows: Section 9.4

Shareholder	Shares [Convertible Notes] held on Prospectus Date	Shareholding on Prospectus Date (%)	Shares held on Completion of the Offer	Shareholding on Completion of the Offer (%)*
NewPeak Metals Limited	10,008,714,010	28.2%	10,008,714,010	23.6%
Timeview Enterprises Pty Ltd	2,720,821,462	7.7%	2,720,821,462	6.4%
Armour Energy Ltd	2,125,000,000	6.0%	2,125,000,000	5.0%

- Shareholdings upon completion of the Offer are dependent upon the extent to which the major shareholders subscribe for New Shares under the Offer. The Company understands that the tabulated entities will not be subscribing for New Shares under the Offer.

What are the Directors' holding of Shares and Convertible Notes? The Shares and Convertible Notes held by Directors and related parties of the Directors are as follows: Section 8.4

Director	At Prospectus Date		On Completion of the Offer
	Shares / Convertible Notes	Shareholding (%)	Shareholding (%)*
Richard Ash	322,200,242	0.9%	0.7%
Roland Sleeman	202,144,952 / 822,295,477	0.6%	0.5%
Nicholas Mather	161,750,720 / 566,500,000	0.5%	0.4%

* Directors (and related parties) participation in the Offer is subject to Shareholder approval. The tabulated percentages are based upon present shareholdings and assume that none of the Convertible Notes are converted before Completion of the Offer.

Topic	Summary	Where to find more information
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What escrow restrictions apply to the key Shareholders' Shares? Certain Shareholders of the Company have entered into voluntary escrow arrangements at the request of the Lead Managers and Underwriter. The application of the escrow arrangements is subject to the Company obtaining the necessary relief from ASIC. The identity of the Shareholders, and the number of Shares held by each of them to be subject to escrow, is set out in section 10.6 of this Prospectus. Section 10.6

What significant benefits and interests are payable to Directors and other persons connected with Lakes or the Offer? The benefits and interests payable to key persons are as follows: Section 8.3.2

Key People	Interest or Benefit	For more Information
Richard Ash - Chairman	Total remuneration of \$33,333.00 Director's / Chairperson Fees per annum.	Section 8.3.2
Roland Sleeman – Chief Executive Officer	Total remuneration of \$33,333.00 per annum Director's Fees plus amounts billed in respect of duties as Chief Executive Officer (CEO). There is currently no consultancy or employment contract in place for CEO services. With effect from 1 November 2021, Mr Sleeman charges \$320/hour (excluding GST) for CEO services.	Section 8.3.2
Nicholas Mather Non-Executive Director	Total remuneration of \$33,333.00 per annum Director's Fees.	Section 8.3.2
Tim O'Brien – Chief Operating Officer	Total remuneration is \$240,000 per annum, inclusive of superannuation.	Section 8.4.1

4.6. Overview of the Offer

Topic	Summary	Where to find more information
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What is the Offer? The Company is offering to issue up to 5,428,512,971 New Shares to investors at an Offer Price of \$0.0008 per New Share to raise up to \$4,342,810. Section 9

The Company will apply for the New Shares to be quoted on the ASX subject to the reinstatement of its Shares to official quotation.

How is the Offer structured? The Offer comprises: Section 10.1

- General Offer, that is open to the general public who have a registered address in Australia, including existing Shareholders and Noteholders; and
- Institutional Offer, to certain Institutional Investors in Australia and certain other eligible jurisdictions.

Who is the issuer of the Prospectus? Lakes Blue Energy NL ACN 004 247 214 IFC

Topic	Summary	Where to find more information
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What are the uses of the funds?

The table below sets out the proposed use of funds for 2021/22

Source of funds	\$
Opening cash 1 July 2021 (a)	470,000
Firm Placements (b)	1,146,000
Funds raised under Offers at Minimum Subscription (c)	2,404,000
Total funds at Minimum Subscription (a+b+c)	4,020,000
Additional funds raised under Offers at Full Subscription	1,938,810
Total Funds at Full Subscription	5,958,810

Use of Funds - Subscription	Minimum	Full
Working capital*	1,545,000	1,517,000
Drilling of Wellesely-2 Gas Well	1,600,000	1,600,000
Costs of Capital Raising#	405,000	534,000
Wellesley gas production flowline or resumption of Victorian exploration^	-	1,837,810
Total	3,550,000	5,488,810

*this includes provision of work associated with securing approvals to drill the Wombat-5 and Otway-1 gas wells in Victoria.

^Funds raised above the Minimum Subscription will be utilised to reduce or avoid need for sourcing of either debt or equity funds for installation of facilities for production and sale of Wellesley gas. Alternatively, should the Wellesley well not be successful, such funds will be applied toward meeting the cost of exploration activity in Victoria. Costs associated with securing approvals for drilling of the Wombat-5 and Otway-1 wells in Victoria are included in the working capital provision under Minimum Subscription.

Refer to Section 10.11 for a detailed summary of the Offer costs for the Minimum and Full Subscriptions

Will the new Shares be quoted?

Completion of the Offer is conditional on the reinstatement of the Company's Shares to official quotation. ASX has specified a number of conditions which must be satisfied by 1 February 2022 in order for it to lift the suspension on the Company's Shares and reinstate it to official quotation. The Directors believe that those conditions will be satisfied soon after the Closing Date and the Company will then apply to the ASX to have its Shares reinstated to official quotation. If ASX does reinstate

Section 11

Topic	Summary	Where to find more information
	the Company's Shares to official quotation, or the Company is otherwise delisted, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	
Who is Eligible?	The General Offer is made to all investors with an address in Australia. The Institutional Offer is made to certain Institutional Investors with an address in Australia, and certain jurisdictions outside of Australia where the Company is able to extend the Offer.	
Is the Offer underwritten ?	The Offer is underwritten to the amount of \$1,604,000 by Bizzell Capital Partners Pty Ltd. The underwriting is in addition to the amount of \$800,000 to be raised under the Offer through Firm Subscriptions. Taken together, the Underwriting and advance firm commitments will ensure that the Minimum subscription is achieved.	Section 11.1.3.
What are the Firm Placements	The Firm Placements are binding arrangements for placement by the Company of 1,432,500,000 Shares (Firm Placements) with sophisticated and professional investors at a price of \$0.0008 per share to raise \$1,146,000 (before costs). The Firm Placements were entered in to by the Company prior to opening of the Offer.	
What are the Firm Subscriptions	The Firm Subscriptions are advance commitments that have been received from Investors to subscribe for, or secure subscriptions for, 1,000,000,000 New Shares under the Offer to raise \$800,000 (before costs).	
How can I apply?	To apply for new Shares investors must complete the Application Form that accompanies this Prospectus.	Section 9.5.2
How Many shares can I apply for?	Investors can apply for as many shares as they desire, in multiples of 1,000. The minimum acceptable total holding (comprising Shares applied for under the Offer plus Shares, if any, already held) is 500,000 shares, this being the size of a marketable parcel on the ASX platform.	9.5.4
Can the Offer be withdrawn?	The reinstatement of the Company's Shares to official quotation is subject to the Company satisfying a number of conditions set by ASX. Completion of the Offer is further conditional on ASX agreeing to reinstate the Company's Shares to official quotation. If the Company is not able to satisfy ASX's conditions and have its Shares reinstated to official quotation, or if the ASX otherwise delists the Company, the Company will not proceed with the Offer. The Company further reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the Offer not proceeding.	Section 9.3.7
Where can I find more information about this Prospectus or the Offer?	If you have any questions about this Prospectus or how to apply for Shares, please call the Company on +61 3 9629 1566 from 9.00 am to 5.00 pm (AEST), Monday to Friday (excluding public holidays). If you are unclear or uncertain as to whether the investment in Lakes is a suitable investment for you, you should seek professional guidance from	Section 9.10

Topic	Summary	Where to find more information
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your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.

5. CORPORATE OVERVIEW

5.1. Background

In October 2021, the ASX formally advised Lakes of the conditions to be satisfied in order to receive approval for resumption of trading of Lakes' Shares on the ASX platform, trading of which has been suspended since October 2019. Issue of a full-form Prospectus, raising of \$3.55 million and commencement of site work for drilling of the Wellesley-2 well in Queensland are the key conditions to be satisfied.

It is intended that Issue of this Prospectus and raising of the Minimum Subscription, along with commencement of site work for the Wellesley-2 well, will satisfy the ASX conditions and allow trading of Lakes' Shares to resume.

5.2. Objectives and Strategy

Lakes is an energy company that is focussed upon:

- realising the potential of the Company's diverse portfolio of projects, outlined in section 0, to become a supplier of gas to meet Australian industry and household requirements, in both feedstock and energy applications; and
- subsequently, to leverage the Company's asset base to be at the vanguard in terms of identifying and promoting emerging technologies to meet the nation's changing energy requirements.

Specific strategic initiatives to be pursued by Lakes involve, but will not be limited to:

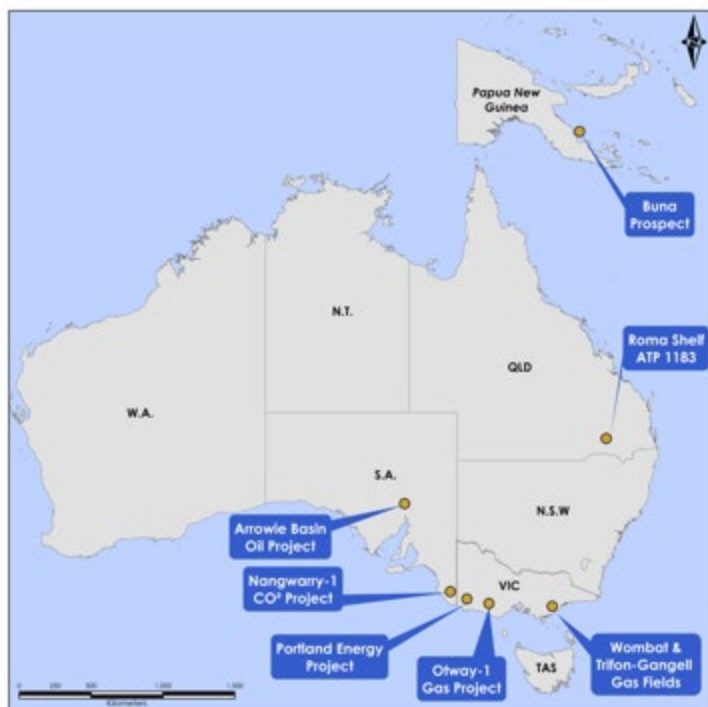
- drill the Wellesley-2 well in the Roma Shelf Project, in Queensland, with a view to generating income to fund resumption of exploration in Victoria;
- drill the Wombat-5 and Otway-1 gas wells in Victoria with a view to commercialising those Gas Fields and generating income for further exploration and diversification;
- drill proof of concept wells at the Company's Portland Energy Project in Victoria and, if successful, to develop that project;
- commercialise the Nangewarry Carbon Dioxide Project in South Australia, through sale of raw gas for processing into food grade carbon dioxide; and
- progress exploration of the Buna Prospect (PNG) either through farmout of the project or in the Company's own right by leveraging income from other projects.

Funds raised under the Offers will be used to meet the cost of drilling the Wellesley-2 well. Funds raised in excess of the Minimum Subscription will be applied toward meeting the cost of a production flowline for Wellesley gas (if the Wellesley-2 well is successful) or otherwise toward the cost of drilling the Wombat-5 well in Victoria. The Company intends to fund the remainder of its stated objectives from future revenue (if any), or by raising additional funds (whether through debt or equity).

5.3. Project Portfolio

The Company's current portfolio of exploration tenements (other than its interest in a Californian tenement) is shown in Figure 1. The Company ascribes no value to its interest in the Californian tenement and is seeking to dispose of it. No proceeds from the Offers will be used for or in relation to the Californian interest.

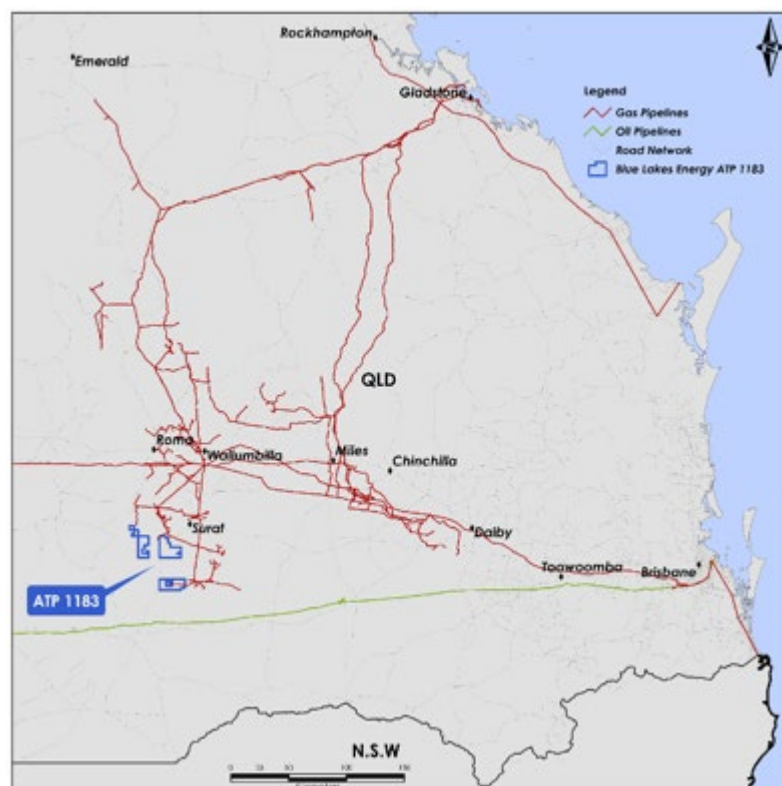
Figure 1: Company's Asia-Pacific Exploration Tenements



5.3.1. Roma Shelf Project, Queensland

The Roma Shelf Project is based upon Authority to Prospect 1183 (ATP 1183) in Queensland. ATP 1183 is highly prospective for oil, gas and condensate discoveries, and is within close proximity of established production facilities and infrastructure, meaning development of any discoveries should be straightforward.

Figure 2: ATP 1183 Location



The Company has identified multiple exploration prospects within ATP 1183, as shown in Figure 3.

Figure 3: Exploration Prospects Within ATP 1183

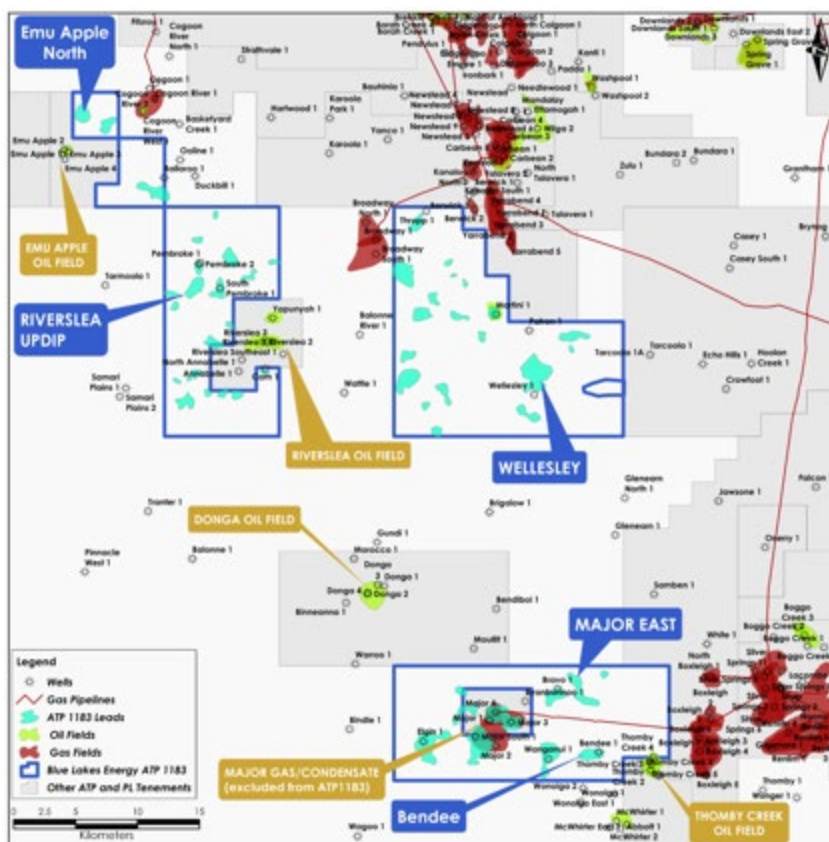


Table 5.1: ATP 1183 Exploration Prospects

Key Exploration Prospects Within ATP 1183

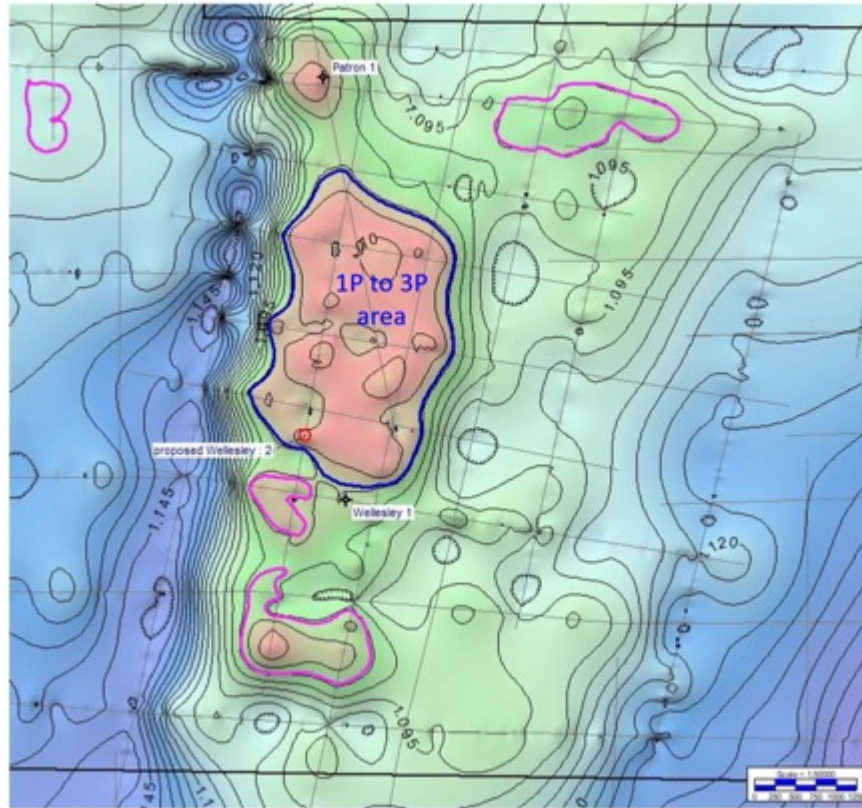
Details of the resource potential of these prospects are set out in the “Independent Geologist’s Report on the Petroleum Assets of Lakes Blue Energy in Australia”, SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

Although the Company ultimately aims to resume exploration activity within Victoria, owing to Governmental delays with promulgation of a regulatory framework governing onshore exploration activity in Victoria, it is unlikely exploration activity in Victoria will be possible until around mid-2022. Accordingly, the Company intends in the near term to drill the Wellesley-2 well with the objective of quickly bringing the field on line to produce income to support subsequent initiatives. Commencement of site works in preparation for drilling of the Wellesley-2 well is also a key ASX condition for reinstatement of the Company’s Shares to official quotation – see Section 5.1. This work was commenced on 29 December 2021.

Factors influencing Lakes’ interest in drilling the Wellesley-2 well include:

- The Wellesley Dome was first drilled by BHP in 1979, targeting oil. Drilling took place near the prognosed gas-liquid contact, with 20 metres of clean Boxvale Sand intersected. The well confirmed both reservoir quality (average 28% porosity) and the presence of gas.
- Seismic data confirms that the original drilling was near the gas-liquid contact and indicates that the up-dip reservoir extension has significant gas potential.
- The success rate for wildcat drilling on seismic closures within the Roma Shelf is 38%. Since the presence of gas and of thick, porous, good-quality reservoir sands has already been demonstrated, the prospect for success at Wellesley-2 is potentially better than 38%.

Figure 4: Wellesley Dome structural contour map with proposed Wellesley-2 location



The Company's intention is to drill a conventional, vertical well (Wellesley-2) approximately 1 km northwest of Wellesley-1, within the crest of the Wellesley Dome to confirm and then commercialise the gas resource. The cost of the well, estimated at \$1.6m, will be met through funds raised under the Minimum Subscription.

5.3.2. Victorian Prospects

5.3.2.1. Regulatory constraints in Victoria

On 22 November 2021 the Victorian Government promulgated new regulations to govern onshore exploration activity, thereby providing a basis for resumption of exploration activity within the state. Allowing for time required to undertake consultation and approvals processes the Company expects it will be able to commence on-ground exploration activity by around mid-2022.

The Company's principal exploration targets are envisaged to be as follows.

5.3.2.2. Wombat Gas Field

The Wombat Gas Field, located onshore in the Gippsland region of Victoria, contains independently certified 2C contingent recoverable resources of gas. This certification means the presence of gas has been proven. The ability to produce the gas has also been verified, with existing Wombat wells already capable of producing gas.

Details of the contingent recoverable resources of gas within the Wombat Gas Field are set out in the "Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy in Australia", SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

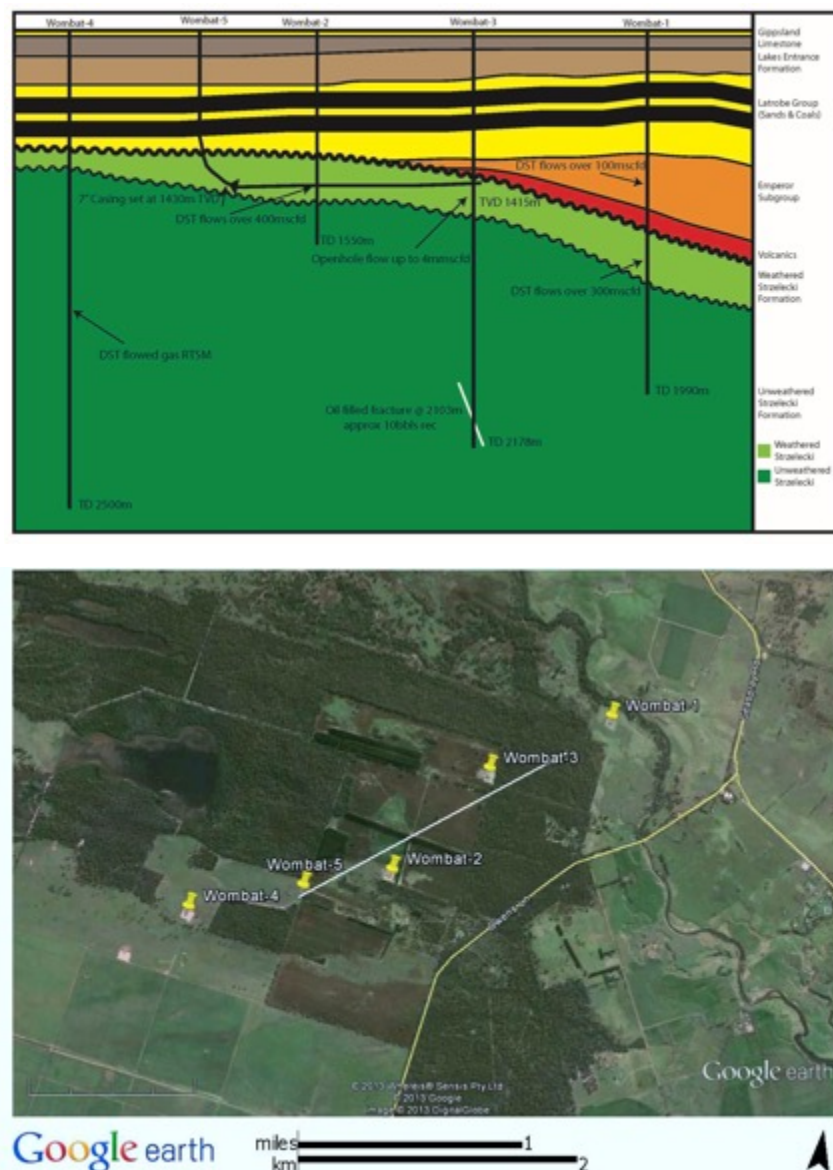
Owing to a Victorian Government onshore exploration moratorium, that expired on 30 June 2021, no exploration activity has taken place at Wombat since 2013 and the Company has been unable to drill the Wombat-5 conventional lateral well, that is specifically designed with a view to achieving commerciality. Lakes will utilise funds raised under the Minimum Subscription to carry out work to secure approval for drilling of the Wombat-5 well. Lakes envisages that the cost of drilling the well, estimated at \$4.5 million, will be met from either, or a combination of, revenue from sales of Wellesley

gas (if the Wellesley-2 well is successful), funds raised above the Minimum Subscription (if the Minimum Subscription is exceeded but the Wellesley-2 well is not successful), and future capital raising(s).

Key features of the Wombat-5 well include:

- the presence of gas in the target Strzelecki Formation has already been demonstrated. The Company has existing wells capable of production of gas from the Formation;
- the design of the well is based upon known (rather than estimated) parameters, the values of which have been measured in the course of past drilling activity; and
- the Wombat-5 well is a conventional lateral well that will run horizontally through the target formation for 1.5 kilometres. The gas production potential of the Wombat-5 well has an independently estimated, with details of the estimate set out in the “Independent Geologist’s Report on the Petroleum Assets of Lakes Blue Energy in Australia”, SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

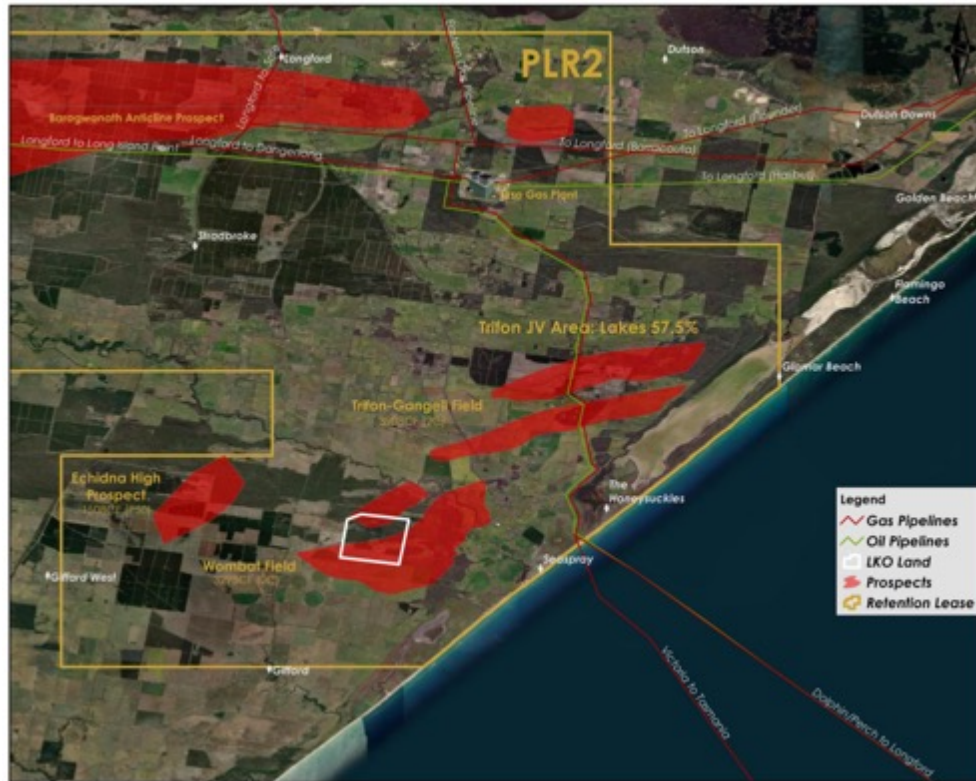
Figures 5a and 5b: Wombat-5 Cross-section and location map showing well path



The Company is planning an integrated approach to development of the 100% owned Wombat and adjacent, 57.5% owned, Trifon-Gangell Gas Fields. Sales gas production would initially be from the Wombat Gas Field with the Trifon-Gangell Gas Field, which also contains certified 2C contingent gas resources, brought on stream as production from the Wombat Gas Field declines. There is a net 10% overriding royalty payable on the Company’s share of petroleum production from PRL 2.

Details of the contingent recoverable resources of gas within the Trifon-Gangell Gas Fields are set out in the “Independent Geologist’s Report on the Petroleum Assets of Lakes Blue Energy in Australia”, SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

Figure 6: Location of Wombat and Trifon-Gangell Gas Fields



5.3.2.3. Otway-1 Gas Well (Petroleum Exploration Permit 169)

The Otway-1 gas well is a proposed conventional, vertical well targeting the Pebble Point Formation, the Waarre Sandstone and the Eumeralla Formation. The well will be located about 400 metres from the existing Otway gas plant and will cost around \$2.5m.

The Waarre Sandstone has historically been productive, with gas flow rates in excess of 50 TJ/d having been achieved at Iona. The Waarre Sandstone was the basis of historic gas production at the Iona gas field, which is now utilised as a gas storage reservoir.

The Eumeralla Formation is known to contain gas and has previously, at the Skull Creek-1 well location (nearby to Otway-1), flowed gas at a rate of 7.5 TJ/d.

Figure 7: Location of Otway-1 Gas Well



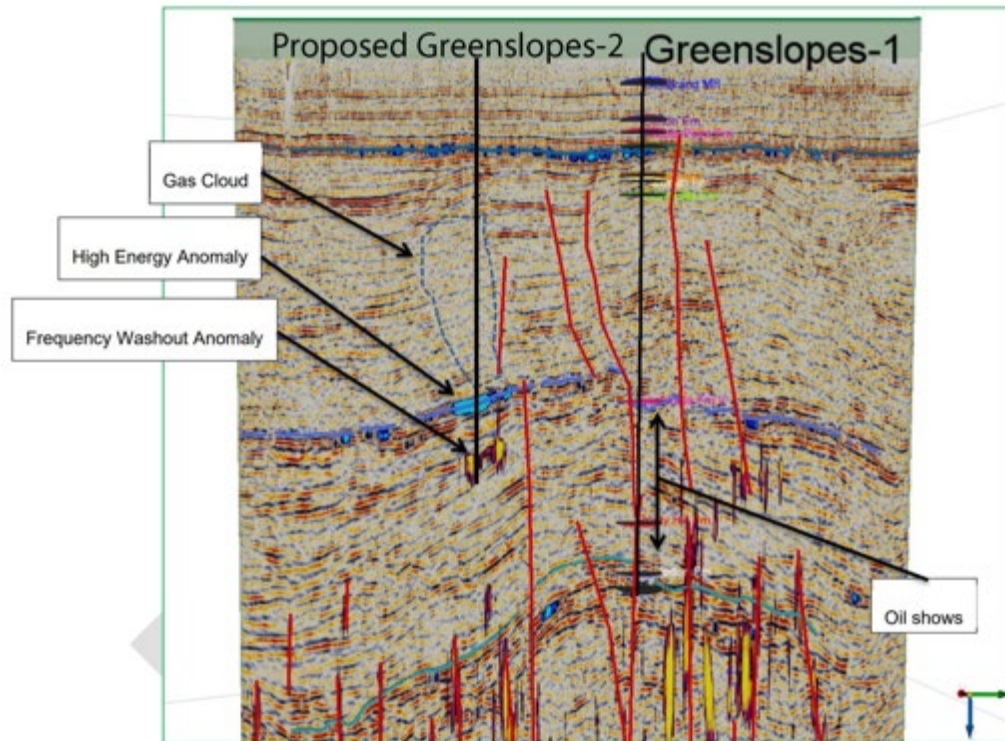
The costs of securing approval for drilling of the Otway-1 well are included in funds to be raised at the Minimum subscription. The cost of drilling the well will however be met through either, or a combination of, revenue from sales of gas from other projects, if successful (notably Wellesley and Wombat) or future capital raising(s).

The Otway-1 well is located within PEL 169, which is 49% owned by the Company, with joint venture partner Armour Energy Ltd. The Company presently operates the permit. There is a net 10% overriding royalty payable on the Company's share of the wellhead value of petroleum produced from the permit.

5.3.2.4. Portland Energy Project (Petroleum Exploration Permits 167 and 175)

The Company proposes to drill the Greenslopes-2 and Portland Energy-1 proof-of-concept wells to confirm the conventional gas production potential of the Eumeralla Formation and the underlying Crayfish Subgroup within a 'Focus Area' on the southwestern corner of the Company's 100% owned Petroleum Exploration Permit 175. The proof-of-concept wells will be around 1,500 metres deep at an estimated cost of \$2.0m each. The Greenslopes-2 well will also pass through a potential productive gas zone, identified on seismic as a 'gas-cloud'.

Figure 8: Seismic cross-section through proposed Greenslopes-2 well (showing seismic attributes)



To date, 14 wells have been historically drilled without incident in the Focus Area region and, without exception, the Eumeralla Formation was shown to contain gas. Historically, this gas was of no interest since the search at the time was for oil and, contrary to present-day circumstances, there was no market for gas and there was no infrastructure through which it could be delivered.

The potential of the Focus Area is significant. The prospective recoverable resources of gas within the Focus Area are estimated (at a 50% confidence level) to be 8.3 Tcf of gas from the Eumeralla Formation and 3.2 Tcf from deeper Formations. The Company estimates that 3.0 Tcf of this total resource will be recoverable through conventional means, without need for reservoir stimulation.

Source of estimate: SRK Consulting (Australasia) Pty Ltd, as reproduced on page 29 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. These are best estimates at a 50% confidence level, prepared on a deterministic basis. 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. See also: "Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy in Australia", SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus. 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).

Funds raised under the Offers will not be utilised to meet costs of securing approval for or drilling of the proof-of-concept wells. Such costs will be met through either, or a combination of, revenue from sales of gas from other projects, if successful (notably Wellesley and Wombat) or future capital raising(s).

There is a net 10% overriding royalty payable on the Company's share of petroleum production from the Company's 100% owned PELs 167 and 175.

5.3.3. South Australia – Nangwarry Carbon Dioxide Project

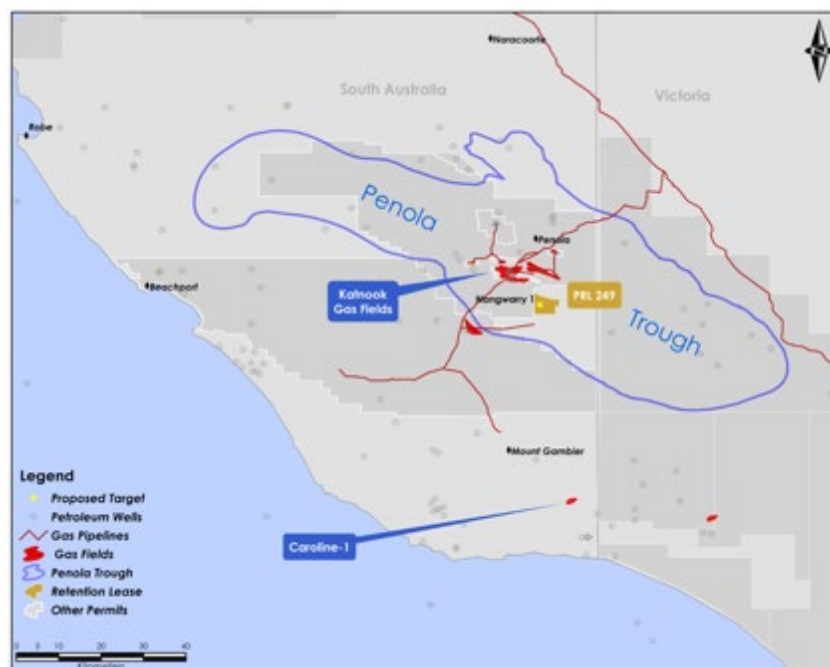
The Nangwarry Carbon Dioxide Project is 50% owned, and is operated, by Lakes with joint venture partner Vintage Energy Ltd. The Project is based upon the Nangwarry-1 well, drilled in December 2019, which identified a carbon dioxide resource of high (greater than 90%) purity.

Following flow testing of the Nangwarry-1 well in March 2021, it has been independently estimated that:

- the Nangwarry reservoir contains 25.9 billion cubic feet (Bcf), representing 12.9 Bcf net to Lakes, of recoverable carbon dioxide; and
- the Nangwarry-1 well will be capable of producing all of the estimated gas resource at raw gas at rates up to 18.6 million cubic feet per day.

Carbon dioxide is used in medical, industrial and food industries, and is in short supply on the Australian eastern seaboard.

Figure 9: Location of Nangwarry-1 Gas Well



The Nangwarry joint venture is seeking to develop the Nangwarry Project for production of food-grade carbon dioxide. The joint venture has entered into a Memorandum of Understanding with Supagas Pty Ltd, a subsidiary of Taiyo Nippon Sanso Corporation, the world's fourth largest gas supplier, pursuant to which Supagas will undertake preliminary design and costing of processing facilities and will have first opportunity to submit a proposal to develop or purchase gas from the Nangwarry resource.

Independent estimate was prepared by ERC Equipose Pte Ltd (ERCE) using a probabilistic methodology. Under the June 2018 Society of Engineers Petroleum Resources Management System, (PRMS), volumes of non-hydrocarbon by-products cannot be included in any Reserves or Resources classification. However, the method used by ERCE is consistent with that prescribed by the PRMS.

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

ERCE's work was supervised by Mr Adam Becis, Principal Reservoir Engineer at ERCE, who has over 14 years of experience in the oil and gas industry. He is a member of the Society of Petroleum Engineers and also a member of the Society of Petroleum Evaluation Engineers. Mr Becis has consented to the form and context in which the estimate of carbon dioxide sales gas is presented.

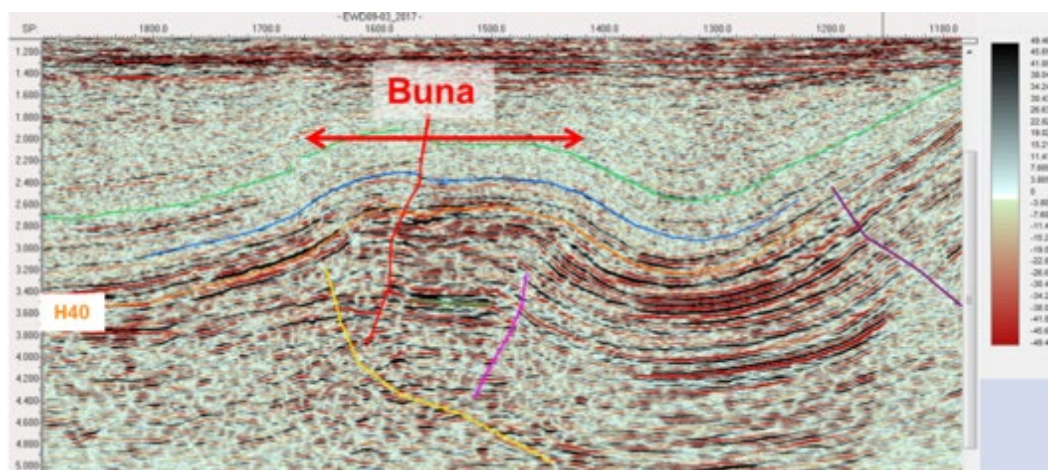
See also: "Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy in Australia", SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

5.3.4. Petroleum Prospecting Licence 560, PNG

Petroleum Prospecting Licence 560 (PPL 560), located in the Cape Vogel Basin, offshore PNG, contains the sizeable Buna Prospect. Amplitude variation with offset (AVO) studies carried out over the Buna Prospect have given a strong and highly-reliable indication of an extensive flat-spot, representing a gas-liquid contact boundary.

Details of the potential resources of gas within the Buna Prospect are set out in the “Independent Geologist’s Report on the Petroleum Assets of Lakes Blue Energy in Australia”, SRK Consulting (Australasia) Pty Ltd, November 2021, a copy of which is attached to this Prospectus.

Figure 10: Seismic cross section across Buna Prospect showing AVO flat spot



The Company is presently reviewing the best approach for investigation of the Buna Prospect with two key options being of interest, as follow:

a) Retain 100% Ownership

If the proposed Wellesley-2 project is successful, thereby generating funds to meet ongoing costs, shareholders’ best interest may be served through the Company retaining, at least initially, 100% project ownership. In this case the Company envisages it will acquire updated seismic information over the Buna Prospect to further delineate the prospect. Subsequently, a commitment could be made to drilling of an exploration well. This would involve use of a shallow-water jack-up rig.

b) Farmout

The Company has agreed terms of, but has yet to execute, an agreement with a major, international petroleum company (‘Major’) regarding potential development of PPL 560. Should the Company elect to proceed with the agreement, execution of which is also dependent upon receipt of PNG Government approval for a one-year Covid-related extension of the term of PPL 560:

- the Company would undertake on-ground work to collect rock and fluid samples from the from the Cape Ward Hunt and Cape Vogel Peninsula areas;
- Major would undertake at its cost a technical work program involving but not limited to geological and geophysical interpretation, evaluation of existing geophysical data, satellite seep study and basin modelling;
- subject to completion of the technical work program, Major would have the option, exercisable on or before 15 December 2022, to undertake at its cost a further work program involving seismic acquisition to delineate the Buna Prospect in preparation for drilling;
- Subject to completion of the further work program Major would have the option, exercisable on or before 15 December 2024, to acquire a 75% interest in PPL560 and to fund the first US\$30 million of the cost of drilling a first exploration well within PPL560. Costs if any in excess of US\$30m will be shared by the joint venture in proportion to the interests. The Company will retain a 25% interest in the prospect.

5.3.5. Arrowie Basin Oil Play

The Company holds 100% of six Petroleum Exploration Licence Applications (**PELAs**) covering approximately 53,000 km² in South Australia. There are both conventional and unconventional petroleum plays within the area of the PELAs, with hydrocarbon potential having been demonstrated through methane flows in historic wells and at the historic Wilkatana oil field.

Oil analyses indicate that oil at Wilkatana was formed in a marine algal calcareous shale, suggesting its source was the Neoprotozoic Tindelpina Black Shale or the organic rich Tapley Hill Formation. These formations may have oilfield potential analogous to that of prolific systems in Russia, Oman and China.

The Company aims, in due course, to investigate the potential of the Arrowie Basin, with the first step being to address land title matters in order that the PELAs may be converted into Licences. Funds raised under the Offers will not be applied toward meeting the costs of this work.

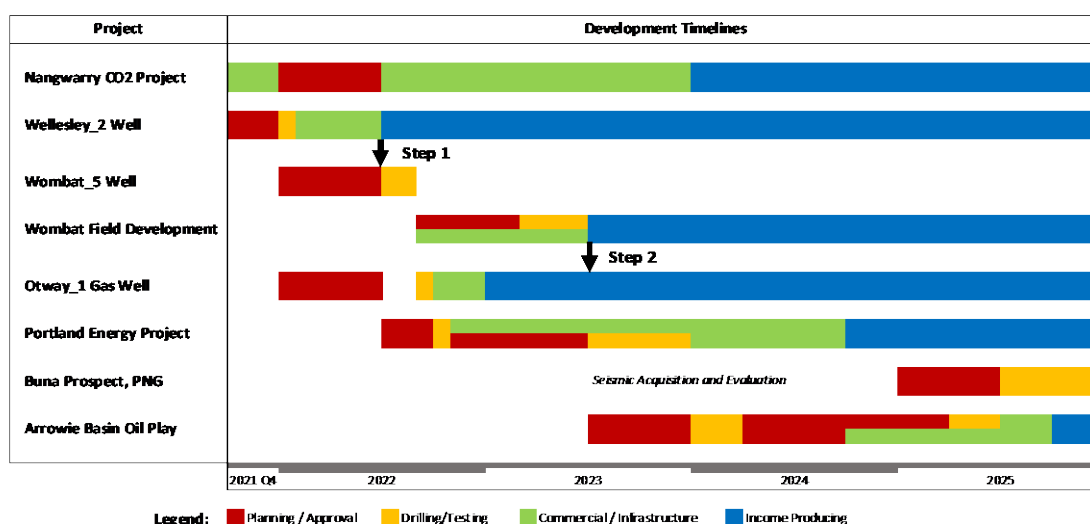
5.4. Development Strategy

The Company's strategy for pursuit and commercialisation of the projects outlined in section 5.2 is depicted in Figure 11. The following initial steps are key to the strategy:

- early commercialisation of the Wellesley Gas Field. The cost of drilling the Wellesley-2 well will be funded under the Minimum Subscription. If the well is successful and funds raised exceed the Minimum Subscription the excess funds will be utilised toward meeting the cost of a gas flowline for production of Wellesley gas; and
- drilling of the Wombat-5 lateral well with the objective of commercialising the Wombat Gas Field, to generate funds for exploration and development of larger but more expensive opportunities. Costs associated with securing approval for drilling of the Wombat-5 well will be funded by the Minimum Subscription.

Returns from all projects will be leveraged in identifying and securing involvement in new, sustainable energy initiatives so that the Company has an ongoing, long-term relevant role in the energy industry.

Figure 11: Exploration and Development Concept



Step 1 sees revenue from sales of Wellesley gas sales utilised to fund resumption of Victorian exploration.

Step 2 sees revenue from the Wombat gas sales utilised to fund both world-scale opportunities and pursuit of sustainable energy initiatives.

The key dependencies of Lakes' strategy are:

- the success of the Company's exploration initiatives and subsequent commercialisation of petroleum production projects; and

- the Company's ability to identify new energy initiatives that are not only sustainable but also superior to other technologies (such as battery storage of energy).

5.5. Use of Funds

The table below sets out the proposed use of funds for 2022

Use of Funds - Subscription	Minimum	Full
Working capital*	1,545,000	1,517,000
Drilling of Wellesely-2 Gas Well	1,600,000	1,600,000
Costs of Capital Raising	405,000	534,000
Wellesley gas production flowline or resumption of Victorian exploration^	-	1,837,810
Total	3,550,000	5,488,810

* Funds raised at the Minimum Subscription, together with funds raised under the Firm Placements, will be used to fund drilling of the Wellesely-2 well and to meet working capital requirements, including work associated with securing approval for drilling of the Wombat-5 and Otway-1 wells in Victoria.

^ Funds raised above the Minimum Subscription will be utilised to reduce or avoid need for sourcing of either debt or equity funds for installation of facilities for production and sale of Wellesley gas. Alternatively, should the Wellesley well not be successful, such funds will be applied toward meeting the cost of exploration activity in Victoria.

6. FINANCIAL INFORMATION

6.1. Introduction

6.1.1. Financial Information

The financial information contained in this Section 6 includes the historical financial information for the Company for the financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**).

This section 6 contains a summary of:

- The Historical Statutory Financial Information, comprising:
 - The audited Historical Consolidated Statutory Statement of Profit or Loss and other Comprehensive Income for FY19 and FY20, as well as the unaudited Historical Consolidated Statutory Statement of Profit or Loss and other Comprehensive Income for FY21 (**Historical Statutory Income Statements**);
 - The audited Historical Consolidated Statutory Cash Flow Statements for FY19 and FY20, as well as the unaudited Historical Consolidated Statutory Cash Flow Statements for FY21 (**Historical Statutory Cash Flows**); and
 - The unaudited Historical Consolidated Statutory Statement of Financial Position as at 30 June 2021 (**Historical Statutory Statement of Financial Position**),
 (Together, the **Historical Statutory Financial Information**); and
- The unaudited Historical Consolidated Pro Forma Historical Statement of Financial Position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**).

The Historical Statutory Financial Information and Pro Forma Historical Statement of Financial Position is together referred to as the "**Financial Information**".

The Company has a 30 June financial year end.

In addition, section 6 summarises:

- the basis of preparation and presentation of the Financial Information (see Section 6.2);
- information regarding certain non-AIFRS financial measures (see Section 6.2.3);
- the key financial performance (see Section 6.3 and Section 6.4);
- the subsequent events and pro forma adjustments to the Historical Statutory Financial Information (see Section 6.5);
- information regarding liquidity and capital resources (see Section 6.5.1);
- information regarding Lakes' contractual obligations, commitments, and contingent liabilities (see Section 6.5.2);
- information regarding indebtedness and capitalisation (see Section 6.5.3);
- a description of Lakes' critical accounting policies (see Section 6.6);
- the Independent Limited Assurance Report, set out in Annexure D; and
- the indicative capital structure described in Section 9.4.

The information in Section 6 should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

All amounts disclosed in Section 6 and the Appendices are presented in Australian dollars (**AUD**) and, unless otherwise noted, are rounded to the nearest thousand. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

6.2. Basis of preparation and presentation of the Financial Information

6.2.1. Overview and preparation and presentation of the Historical Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial position of the Company.

Given the fact that the Company is preproduction and continues to invest in exploration and development, there are significant uncertainties associated with forecasting the future revenues and expenses of the Company. On this basis, the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in the Prospectus.

The Historical Statutory Financial Information has been prepared in accordance with the recognition and measurement principles of Australian equivalents to International Financial Reporting Standards (**IFRS**) issued by the Australian Accounting Standards Board. Following successful readmission, the Company will continue to report under IFRS and report in AUD, which is its elected presentation currency.

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) and IFRS other than it includes certain adjustments which have been prepared in a manner consistent with AAS and AIFRS, that reflect the impact of certain transactions as if they had occurred on or before 30 June 2021.

The Financial Information is presented in an abbreviated form, and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and AIFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 6.2.3 describes certain non-AIFRS financial measures that the Company uses to manage and report on the business that are not defined under or recognised by AAS or IFRS.

The historical financial statements of the Company were audited by Pitcher Partners in FY19 and William Buck in FY20. FY21 as set out in this Section 6 is unaudited at the date of this prospectus.

Refer to Section 10.3 for a summary of the current corporate structure.

Independent Limited Assurance Report

The Financial Information (as defined above) has been reviewed by *RSM Corporate Australia Pty Limited in accordance with the Australian Standard on Assurance Engagements ASAE 3450: "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information"* as stated in its Independent Limited Assurance Report set out in Annexure D. Investors should note the scope and limitations of the Independent Limited Assurance Report.

6.2.2. Preparation of the Financial Information

The Financial Information has been presented on both a statutory and a pro forma basis.

The Historical Statutory Financial Information for FY19 has been derived from the FY19 audited general purpose financial statements of the Company.

The Historical Statutory Financial Information for FY20 has been derived from the FY20 audited general purpose financial statements of the Company.

The Historical Statutory Financial Information for FY21 has been derived from the FY21 unaudited financial statements of the Company.

The Pro Forma Historical Statement of Financial Position has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Statement of Financial Position has been derived from the unaudited Historical Statutory Financial Information of the Company and adjusted for the effects of the subsequent events and pro forma adjustments.

Section 6.5, Table 6.4 sets out the subsequent events and pro forma adjustments to the Historical Statutory Statement of Financial Position, and a reconciliation of the Historical Statutory Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Historical Statutory Statement of Financial Position to reflect the impact of the Offers on the Company group as if it had occurred as at 30 June 2021.

In preparing the Financial Information, the Company's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

Going Concern

The Directors have prepared the financial information on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred an operating loss after income tax expense for FY21 of \$4.2m (FY20: \$625k) and at 30 June 2021 net assets of \$13.1m (FY20: \$16.4m) including \$22.8m (FY20: \$23m) of capitalised exploration, evaluation and development costs. The Company's working capital position, being current assets less current liabilities was deficit of \$473k at 30 June 2021 (2020: \$3m). During FY21, the Company had a negative cash flow from operating activity of \$2m (FY20: \$922k).

The Company has prepared a detailed cash flow forecast which includes the assumption of the Offers contemplated in this Prospectus and raising up to \$3.1m (net of costs) under the Minimum Subscription which is anticipated to cover the working capital requirements.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the Company's existing cash reserves and internal cash flow forecasts which include their current estimate of expected future capital raisings and future financial commitments and other cash flows over the next 12 months.

The Company has prepared a detailed cash flow forecast covering twelve months from the date of this prospectus. However, if the actual outcomes differ significantly from the cash flow forecasts and the Company has additional cash requirements, the Company may need to take one or more of the following measures when necessary:

- raise additional capital. The Company has demonstrated its ability to raise capital during the past twelve months and the Directors are confident that a future capital raising would be successful. This could be by way of either ordinary shares or convertible notes or other hybrid instrument;
- the continuation of paying creditors through the issuance of ordinary shares;
- continue to reduce corporate overhead costs; and
- continue to pursue opportunities to farm out opportunities although no agreements have been signed.

This financial information has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the event these steps do not provide sufficient funds to meet the Company's exploration and operating commitments, the interest in some or all of the Company's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having carefully assessed the potential uncertainties relating to the Company's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Company will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial information on a going concern basis.

6.2.3. Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of the Company, certain measures are used to report on the Company that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 6 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **EBITDAX** is earnings / (losses) before interest (net of finance income), taxation, depreciation and amortisation and development and exploration expenditure;
- **EBITDA** is earnings / (losses) before interest (net of finance income), taxation, depreciation, and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non cash impact of depreciation, amortisation and before interest and taxation. The Company also calculates an EBITDA margin, which is EBITDA expressed as a percentage of total revenue. EBITDA can be useful to help understand the cash generation potential of the business. The EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under AIFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of the Company's operations;
- **EBIT** is earnings / (losses) before interest (net of finance income) and taxation;
- **NLBT** is net loss before tax;
- **NLAT** is net loss after tax attributable to shareholders;
- **Operating cash flow** is EBITDA after the removal of non cash items (such as share based payments and impairment of exploration and evaluation assets) in EBITDA and changes in working capital. The Company uses operating cash flow to indicate the level of operating cash flow generated from EBITDA; and
- **Other income** primarily includes the government grants in relation to the residual amounts previously received from the South Australian Government's PACE gas scheme in December 2017 in relation to the Joint Operation on PEL155 with Vintage Energy Limited in FY20, amounting to \$1.7m.

Potential investors should also refer to the description of the key financial terms set out in Section 6.3.

Although the Directors believe that these measures provide useful information about the financial performance of the Company, they should be considered as supplements to the income statement or cash flow statement measures that have been presented in accordance with AAS and IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way the Company has calculated these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non IFRS financial measures.

6.3. Summary of the Historical Consolidated Statutory Statement of Profit or Loss and other Comprehensive Income

Table 6.1 sets out the audited Historical Consolidated Statement of Profit or Loss and other Comprehensive Income for FY19 and FY20, as well as the unaudited Historical Statement of Profit or Loss and other Comprehensive Income for FY21.

Table 6.1: Summary of the Historical Statutory Income Statements

	FY19	FY20	FY21
\$'000	Audited	Audited	Unaudited
Operating expenses			
Administration	(1,515)	(959)	(590)
Professional fees	(370)	(284)	(365)
Employee related costs	(505)	(324)	(256)
R&D tax incentive payable	(1,280)	(130)	(92)
Property expenses	(211)	(41)	(44)
Marketing and promotion expenses	(72)	(30)	-
Total operating expenses	(3,953)	(1,768)	(1,348)
EBITDAX	(3,953)	(1,768)	(1,348)
Exploration expenses	-	-	(172)
Impairment of exploration and evaluation assets	(211)	(99)	(1,431)
EBITDA	(4,165)	(1,867)	(2,951)
Depreciation and amortisation	(19)	(16)	(5)
EBIT	(4,183)	(1,883)	(2,956)
Finance costs, net	(18)	(571)	(1,435)
Other income	852	1,728	186
Profit on disposal of assets	-	102	-
NLBT	(3,349)	(625)	(4,205)
Income tax benefit / (expense)	-	-	-
NLAT	(3,349)	(625)	(4,205)
Loss for the year is attributable to:			
Non controlling interest	14	(5)	(6)
Owners of Lakes Blue Energy	(3,364)	(620)	(4,199)

6.3.1. Description of the key financial terms

Set out below is a description of the key financial terms used in the presentation of the Historical Financial Information:

- **Administration** expenditure primarily comprises legal fees, directors, and secretarial fees, share registry costs and listing fees, insurance, travel and accommodation and other general expenses. The costs decreased significantly in FY20, mainly due to the decline in directors and secretarial fees, share registry costs and the annual general meeting costs as a consequence of the trading of the Group's securities being suspended from trading by the ASX from 1 October 2019 onwards. FY21 administration costs further decreased in line with the decline in legal fees, mainly due to an agreed settlement of the Victorian Government's legal costs (\$260k) incurred in FY20, resulting from an unsuccessful appeal and no such costs being incurred in FY21.

- **Professional fees** relate to the consultancy fees paid to Sleeman Consulting for Mr Roland Sleeman working in the Group as a CEO, the company secretarial and accounting services fees paid to a third party, as well as the audit fees;
- **Employee expenses** decreased in FY20, mainly due to a decline in share-based payments being made;
- The Group recognised an **R&D tax incentive payable** of \$1.3m in FY19 in relation to the R&D tax claim, which was awarded during a previous financial year and subsequently was rejected by the Innovation Science Australia following an independent audit;
- **Property expenses** relate to the rental payments for the Asian Pacific Business Centre and Seaspray and the associated utilities. The large property expense in FY19 were due to the rent paid for a property that is no longer leased;
- **Exploration expenses** mainly represent the costs spent in relation to PEL155 which do not meet the recognition criteria for an exploration or development asset;
- **Impairment of exploration and evaluation** in FY21 related to the impairment of the carrying value of ATP 642P and ATP 662P, amounting to \$1.4m, given the Group decided to relinquish both permits in August 2021 due to the unsuccessful farm out attempts for both permits;
- **Net finance costs** relate to the accrued interest expense on the convertible notes;
- **Other income** mainly includes the government grants in relation to the residual amounts previously received from the South Australian Government's PACE gas scheme in December 2017 in relation to the Joint Operation on PEL155 with Vintage Energy Limited in FY20, amounting to \$1.7m; and
- **Profit on disposal** of assets related to the sale of a parcel of land near Seaspray.

6.3.2. General factors affecting the historical operating results of the Company

Below is a discussion of the main factors which affected the Company's operations and the relative financial performance in FY19, FY20, and FY21, which the Company expects may continue to affect it in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything which may affect the Company's operations and financial performance in the future.

6.3.3. Management discussion and analysis of the historical statement of profit or loss and other comprehensive income

Table 6.2: Administration expenses

\$'000	FY19		FY20		FY21	
	Audited	%	Audited	%	Unaudited	%
Legal fees	602	39.7%	625	65.2%	262	44.3%
Directors' fees	235	15.5%	97	10.1%	122	20.7%
Share registry costs and listing fees	268	17.7%	98	10.2%	112	18.9%
Office expenses	47	3.1%	13	1.4%	111	18.8%
Insurance premiums	169	11.2%	67	7.0%	84	14.3%
Consultancy, accountancy, and secretarial fees	146	9.6%	278	29.0%	64	10.9%
Travel and accommodation	61	4.0%	63	6.5%	37	6.3%
Copier, postage, and courier costs	158	10.4%	37	3.8%	3	0.5%
Less portion attributed to exploration permits capitalised	(170)	(11.2%)	(319)	(33.2%)	(205)	(34.7%)
Total	1,515	100.0%	959	100.0%	590	100.0%

Administration expenses primarily include:

- Legal fees primarily include the costs paid to legal counsel in relation to the Group's appeal of the rejection of the argument that the Group's operations being excluded from the Victorian onshore exploration moratorium. This appeal was not accepted by the court on 17 December 2019 and the agreed settlement of the Victorian Government's legal costs was \$260k. In addition, legal fees paid to legal counsel were related to the acquisition of RAW and Dondonald in FY19;
- Directors' fees decreased in FY20, primarily due to the number of directors declined from eight in FY19 (of which two resigned or retired in November 2018 and April 2019, respectively) to six in FY20 (of which three resigned in November 2019). Currently, the Group has three directors;
- Share registry cost and list fees, as well as copier, postage, and courier costs (largely the annual general meeting costs) decreased in FY20, mainly due to the trading of the Group's securities being suspended from 1 October 2019 onwards;
- Office expenses mainly include the IT related expenses and other general expenses;
- Insurance premiums refer to the payment for the insurance for directors and officers, public liability, travel, and exploration; The insurance expense reduction in FY20 was mainly due to the decrease in the number of Directors;
- Consultancy, accountancy, and secretarial fees primarily include the accounting and taxation incurred by RAW and Dondonald in FY20. The costs decreased in FY21 due to less activity; and
- The portion attributed to exploration permits capitalised represents amounts that meet the recognition criteria for capitalisation as an exploration and development asset under Australian accounting standards.

6.4. Summary of the Historical Consolidated Statutory Cash Flows

Table 6.3 sets out the Historical Consolidated Statutory Cash Flows for FY19, FY20, and FY21. The statutory cash flow information has been constructed using the indirect method (i.e., reconciling EBITDA to operating cash flows).

Table 6.3: Summary of Historical Statutory Cash Flows

\$'000	FY19 Audited	FY20 Audited	FY21 Unaudited
Operating cash flows			
EBITDA	(4,165)	(1,867)	(2,951)
Add back non cash items:			
Impairment of exploration and evaluation assets	211	99	1,431
Share based payment	259	277	123
Other income	91	2	186
Capital raising fee	-	(276)	(237)
Other movements:			
Change in trade and other receivables	62	78	(47)
Change in prepayments	(2)	48	(10)
Change in trade and other payables	1,285	682	(487)
Change in provisions for employee entitlements	(6)	35	14
Movement in working capital	1,339	843	(530)
Net operating cash outflows	(2,264)	(922)	(1,977)
Investing cash flows			
Sale of PPE proceeds	-	21	-
Exploration and evaluation expenditure	(1,487)	(6,332)	(1,201)
Proceeds from the sale of land	320	375	-
Cash acquired on acquisition of Rawson	2,511	-	-
Investment in term deposits	(158)	-	(139)
Net investing cash flows	1,186	(5,936)	(1,340)
Financing cash flows			
Proceeds from the issue of ordinary shares	2,270	-	-
Transaction costs	(29)	-	-
Advances received for convertible notes	-	486	378

Proceeds / (repayment) of borrowings	-	544	-
Proceeds from convertible notes	-	3,979	2,774
Interest received	19	13	4
Net financing cash inflows	2,260	5,022	3,156
Net cash movement	1,182	(1,838)	(162)
Cash at the beginning of the financial period	1,287	2,469	631
Cash at the end of the period	2,469	631	470

6.4.1. Management discussion and analysis of the historical cash flows

The Company requires accelerated investment of the existing resources and continues to invest in exploration and development of its various resources. As such, historical operating cash flow has been financed through a mixture of equity and convertible notes. Net operating cash outflows improved from (\$2.3m) in FY19 to (\$922k) in FY20, primarily due to the decrease in the listed company expenses as a result of the suspension from trading on the ASX which has flown through to EBITDA which reduced from a loss of (\$4.2m) in FY19 to (\$1.9m) in FY20. Net operating cash outflows declined in FY21 to (\$2.0m), largely due to the net working capital movement. This movement was due to the payment of trade creditors and the settlement of the legal costs incurred in FY20 (\$260k). Net investing cash flows declined from a cash inflow of \$1.2m in FY19 to a cash outflow of (\$5.9m) in FY20, primarily due to the cash acquired on the acquisition of Rawson Oil and Gas Limited of \$2.5m in FY19, as well as the large payment for exploration and development expenditure on PEL 155 in FY20, amounting to \$6.3m.

Net financing cash inflows improved from \$2.3m in FY19 to \$5.0m in FY20 and \$3.2m in FY21, primarily due to the issue of convertible notes, amounting to \$4.5m in FY20 and \$3.2m in FY21.

6.5. Historical Consolidated Statutory Statements of Financial Position and Consolidated Pro Forma Historical Statement of Financial Position

Table 6.4 sets out the unaudited Historical Consolidated Statutory Statement of Financial Position of the Company and the subsequent event and pro forma adjustments that have been made to prepare the Consolidated Pro Forma Historical Statement of Financial Position.

The Consolidated Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its financial position upon Completion of the Offers or at a future date. Further information on the sources and uses of funds of the Offers is contained in section 9.2.

Table 6.4: Historical Consolidated Statutory Consolidated Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2021

As at \$'000	Unaudited	30-Jun-21 Minimum	Full
Current assets			
Cash and cash equivalents	470	3,615	5,424
Trade and other receivables	165	181	190
Other financial assets	508	508	508
Prepayments	10	10	10
Total current assets	1,153	4,314	6,132
Non current assets			
Other receivables	12	12	12
Property, plant and equipment	688	688	688
Exploration and evaluation	22,780	22,780	22,780
Total non current assets	23,480	23,480	23,480
Total assets	24,633	27,794	29,612
Current liabilities			
Trade and other payables	1,110	1,110	1,110
Provisions for AL and LSL	138	138	138
Other current liabilities	378	-	-
Total current liabilities	1,626	1,247	1,247
Non current liabilities			

Provisions	550	550	550
Convertible notes	8,555	9,633	9,633
ATO debt	841	841	841
Total non current liabilities	9,947	11,025	11,025
Total liabilities	11,573	12,272	12,272
Net assets	13,060	15,522	17,340
Equity			
Issued capital	133,764	137,085	138,899
Reserves	1,155	1,155	1,155
Accumulated losses	(121,943)	(122,802)	(122,798)
Equity attributable to the owners of Lakes Blue Energy	12,976	15,438	17,256
Non controlling interest	84	84	84
Total equity	13,060	15,522	17,340

The following transactions and events had not occurred prior to 30 June 2021 but have taken place or will take place on or before the Allotment Date. The pro forma financial information in this Section 6 assumes that they occurred on or before 30 June 2021:

In addition, the following pro forma transactions and events will take place pursuant to the Offer:

Subsequent events:

1. The issue of 416,309,300 Convertible Notes raising \$378k (which was received prior to 30 June 2021), the issue of 610,022,626 Convertible Notes relating to the payment for unpaid interest (\$549k), as well as 26,581,278 Convertible Notes for the repayment of debt outstanding (\$24k);
2. Interest expense accrued and capitalised on the Convertible Notes for the period from 1 July 2021 up to 31 December 2021, amounting to \$699k;

Pro forma transactions:

In relation to the Offers, the following transactions are expected to occur:

3. The issue of between 3,005,000,000 and 5,428,512,971 Shares at an issue price of \$0.0008, to raise between \$2.404m (Minimum Subscription) and \$4.343m (Full Subscription);
4. The issue under the Firm Placements of 1,432,500,000 Shares at an issue price of \$0.0008 to raise \$1.146m; and
5. Cash expenses associated with the Minimum Subscription and the Firm Placements are estimated to be \$405k, with \$229k being capitalised and \$159k being expensed and a GST credit of \$16k. Cash expenses associated with the Full Subscription, including the Firm Placements, are estimated to be \$534k, with \$354k being capitalised and \$156k being expensed and a GST credit of \$25k. Refer to Section 10.11 for a detailed summary of the offer costs for the Minimum and Full Subscriptions.

Refer to Section 9.4 for a detailed summary of the capital structure.

Table 6.5: Pro forma capital structure

\$'000	Minimum subscription				
	No. of shares	Equity	Reserves	Accum. losses	Net assets
Ordinary shares at the date of incorporation	35,521,408,960	133,764	1,155	(121,943)	12,976
No. of shares at the date of the prospectus	35,521,408,960	133,764	1,155	(121,943)	12,976
Subsequent events					
Interest accrued on the convertible notes		-	-	(699)	(699)
Pre offer capital structure	35,521,408,960	133,764	1,155	(122,642)	12,276

Pro forma transactions					
Firm placement	1,432,500,000	1,146			1,146
Shares issued under the offer	3,005,000,000	2,404	-	-	2,404
Offer costs		(229)	-	(159)	(389)
Total (undiluted)	39,958,908,960	137,085	1,155	(122,802)	15,438

	Full subscription				
\$'000	No. of shares	Equity	Reserves	Accum. losses	Net assets
Ordinary shares at the date of incorporation	35,521,408,960	133,764	1,155	(121,943)	12,976
No. of shares at the date of the prospectus	35,521,408,960	133,764	1,155	(121,943)	12,976
Subsequent events					
Interest accrued on the convertible notes		-	-	(699)	(699)
Pre offer capital structure	35,521,408,960	133,764	1,155	(122,642)	12,276
Pro forma transactions					
Firm placement	1,432,500,000	1,146			1,146
Shares issued under the offer	5,428,512,971	4,343	-	-	4,343
Offer costs		(354)	-	(156)	(509)
Total (undiluted)	42,382,421,931	138,899	1,155	(122,798)	17,256

Recognition of a deferred tax asset

A deferred tax asset has not been recognised in relation to the capitalised Offer costs due to the uncertainty surrounding the flow of economic benefits that will flow in future periods.

6.5.1. Liquidity and capital resources

Following Completion of the Minimum Offer, the Company will have on a pro forma basis, net cash of \$3.6m (after paying the costs of the minimum offer) as at 30 June 2021.

Following Completion of the Minimum Offer, the Company's principal sources of funds are expected to be cash on hand (including the proceeds of the Offers). The Company's primary use of cash is funding its exploration and development program as well as to fund working capital. The Company expects that it will have sufficient cash from the proceeds of the Offer to meet its operational requirements and business needs following completion of the Offer.

The Company expects that it will have sufficient cash to meet its short and medium term operational requirements and other business needs.

6.5.2. Contractual obligations, commitments and contingent liabilities

The Company has no operating or finance leases.

The Company has no contingent liabilities as at 30 June 2021.

6.5.3. Indebtedness and capitalisation

The table below sets out the composition of indebtedness and capitalisation at 30 June 2021, before the Offers and immediately after the Offers.

Table 6.6: Composition of indebtedness and capitalisation

As at	30-Jun-21		
		Pro forma	
\$'000	Unaudited	Minimum	Full
Convertible notes	8,555	9,633	9,633
ATO debt	841	841	841
Total borrowings	9,397	10,475	10,475

Cash and cash equivalent	(470)	(3,615)	(5,424)
Net (debt) / cash [A]	8,927	6,860	5,050
Issued capital	133,764	137,085	138,899
Reserves	1,155	1,155	1,155
Accumulated losses	(121,943)	(122,802)	(122,798)
Total capitalisation [B]	12,976	15,438	17,256
Total net indebtedness and capitalisation [A + B]	21,903	22,298	22,306

6.6. Critical Accounting Policies

Preparing financial statements in accordance with AAS requires Management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements the Company has made in the application of AAS that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements.

7. RISK FACTORS

7.1. Introduction

The Company is an ASX listed company engaged in petroleum exploration and development, principally onshore in Australia with a particular focus onshore in Victoria.

The Company released its audited half yearly financial results for December 2020 financial year as an announcement to ASX on 26 May 2021. A copy can be obtained from the Company's website www.lakesblueenergy.com.au or the ASX website www.asx.com.au under the code "LKO".

An investment in the Company is not risk free and should be regarded as highly speculative.

There are specific risks that relate directly to the Company's activities. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company, the market price of the Shares, the underlying value of Shares, and the potential income from Royalty Units.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and does not take into account the individual circumstances of Shareholders.

The Directors strongly recommend that potential Investors consider the risk factors described below, together with information contained elsewhere in this Offer Document and consult with their professional advisers before deciding whether to apply for Shares under this Offer Document.

7.2. Key identified risks

7.2.1. Funding Risk

There is no certainty that the Company will in future be able to raise sufficient to carry out its stated objectives and planned exploration activity.

There is no guarantee that the Company will be able to secure additional or alternative funding under future offers, the success of which would be dependent on shareholder support. If such support is not forthcoming, the Company's forward work programme will be compromised and consideration will need to be given to implementing alternative funding strategies including but not limited to:

- Farm-out or sale of existing exploration projects; or
- Further equity funding.

None of these alternatives have been determined at present, and any need to implement a funding alternative would be considered if required having regard to the circumstances at that time including the amount raised under this Offer. However, no assurance can be given that the Company will be able to implement any specific alternative or raise any particular amount through implementing any of them.

7.2.2. Climate change risk

The Company recognises that climate change is a shared global challenge and that global and local policies in response to climate change may affect the Company.

The Company identifies climate change and climate change regulation as strategic risks that ultimately may affect the Company's future operating and financial performance.

These risks include, but are not limited to, unpredictable weather conditions which may have direct or indirect adverse impacts on the Company's operations or customer markets, including capital markets.

The Company remains alert to scenarios around global megatrends impacted by climate change, such as globalisation, digitalisation and automation, and how these will impact the Company's future activities.

7.2.3. Exploration Company Risk

As the Company is an exploration company, the market's perception of the value of its shares can alter significantly from time to time, causing fluctuations in the Company's share price. Fluctuations may also occur as a result of factors influencing the price of shares in exploration companies or share prices generally, as well as drilling activities by other parties in the same general region. The price of shares rises and falls and many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment. The stock markets generally remain volatile.

While the Company's exploration portfolio exhibits geological and geopolitical diversity (that is, the diversity of structures to be explored and political regimes within which operations are carried out), such diversity does not overcome all of the abovementioned risks. For example, some of the Company's South Australian interests are held in the form of licence applications which need to convert into exploration licences and then in due course production licences before petroleum can be produced, which carries with it various regulatory and process risks.

7.2.4. Operating Risk

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to, or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Damages occurring as a result of such risks may give rise to claims against the Company. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.

7.2.5. Commercial Discovery Risk

Even if an apparently viable hydrocarbon resource is identified, there is no guarantee that it can be profitably exploited. While drilling may yield some hydrocarbons there can be no guarantee that any discovery will be sufficiently productive to justify commercial development or cover operating costs.

There can be no assurance that the Company will achieve production as this will depend on a wide range of factors, including development decisions, capital costs and operating costs and the ability of the Company to fund these costs.

7.2.6. Research and Development Grant (Commonwealth)

Lakes has historically (from 2006 through to 2013/14) claimed and received Research and Development (R&D) rebates for its experimental fracking activities. Following introduction in late 2012 of the Victorian Government's "fracking moratorium" the Company refocused its R&D activity onto development of technology(s) for recovery of the large, discovered gas resources within Victoria without having to utilise fracture stimulation techniques. In early 2016 the Company was informed by AusIndustry (now Innovation and Science Australia) that it was reviewing the eligibility of the Company's R&D expenditure for the 2013/14 and 2014/15 financial years. Following the review, Innovation and Science Australia concluded that neither the Company's core nor its supporting activities qualified under the revised R&D scheme guidelines. A key factor in Innovation and Science Australia's decision was that the Company did not undertake field testing of its hypotheses, even though the Company was prevented from doing so by the Victorian Government's ban on all onshore exploration activity.

The Company requested an internal review of the decision, in response to which Innovation and Science Australia reaffirmed its position. The Company subsequently applied to the Administrative Appeals Tribunal (AAT) for a review of Innovation and Science Australia's decision. The AAT review was heard in October and December 2020 and a decision is awaited.

The Company is confident that its R&D activities meet the requirements of the R&D rebate scheme. In the event the Company's appeal is unsuccessful, the Company will be liable for repayment of the \$1.03m R&D grant already received for 2013/14 (plus possible fines and interest), and may not receive grant funds for the 2014/15 year. The Company has not allocated any of the proceeds of the Offer to the repayment of R&D grant (should that obligation arise). In the event that the Company is required to repay the R&D grant:

- It would be expected that a payment arrangement would be put in place with the ATO, whereby repayment of the R&D grant would be progressive; and
- The Company may need to raise additional capital, whether by way of debt or equity, if revenue from gas sales is not realised or sufficient.

The Company is in any case already presently paying \$20,000 per month to the ATO, pending the outcome of the AAT review. Funds paid to the ATO will be returned to the Company if the outcome of the AAT review is favourable.

7.2.7. Governmental and Regulatory Risk

The impact of actions by governments, the ASX, ASIC or other regulatory bodies may affect the Company's operations including matters such as necessary approvals, land access, sovereign risk, additional or increased taxation or regulation, or royalties which are payable on the proceeds of the sale of any successful exploration. Further, the approval of contractual arrangements in relation to exploration permits as well as the renewal of exploration permits is each a matter of governmental discretion and no guarantee can be given in this regard.

A failure to obtain any approval would mean that the ability of the Company to participate in or develop any project may be limited or restricted either in part or absolutely. Such initiatives will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.

7.2.8. Trading Suspension

Trading of the Company's securities was suspended by the Australian Stock Exchange (ASX) on 1 October 2019. Following dialogue between the Company and the ASX, the ASX has advised that it will reinstate the Company's Shares to official quotation following completion of a number of items including the successful completion of this Offer and announcing the earthwork equipment is on site and that the wellsite and access track earthworks have commenced on Wellesley-2. The list of the ASX's key conditions is set out in Section 5.1.

This Offer, together with the Company's other initiatives, is intended to ensure funding for the Company's operations and to satisfy ASX's conditions for reinstatement of the Company's Shares to official quotation. If the Company is not successful in satisfying ASX's conditions, ASX will delist the Company on 1 January 2022.

7.2.9. Reserve and Resource Estimates Risk

Hydrocarbon reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice of independent experts. In addition, such estimates are necessarily imprecise and depend to a significant extent on interpretations, which may prove inaccurate. The calculation of any possible volume of hydrocarbons in a prospect may be proved incorrect by future exploration, production, mapping and/or drilling activity. The Victorian Government's onshore exploration ban has prevented necessary exploration/appraisal work from being carried out to refine the Company's assessments of its potential Victorian petroleum resources.

7.2.10. Impairment of Non-Financial Assets Risk

As at 30 June 2021, the Company's assets included \$24.1 million of capitalised exploration expenditure, evaluation and development costs. These assets are tested semi-annually for impairment in accordance with accounting standards to assess whether the carrying values may exceed recoverable amounts. An impairment loss may be triggered if capitalised exploration expenditure, evaluation and development costs do not meet the requirements under the accounting standards (AASB 6 - Exploration for and Evaluation of Mineral Resources).

7.2.11. Rehabilitation Risk

Lakes has 10 wells/sites for which it may be liable for rehabilitation costs. Whilst an estimate for these costs has been provided for in the financial statements, these rehabilitation costs can be difficult to estimate and there may be a risk that the realised costs are higher than provided, which would result in an adverse effect on Lakes Blue's profitability.

The Eagle Prospect (California), in which the Company holds a 17.97% interest, has liability for rehabilitation of one well. The operator of that project has estimated the cost of rehabilitation at US\$450,000, the Company's share of which is US\$80,000. The rehabilitation works will not be undertaken in the near term, and the proceeds of the Offer will not be applied toward meeting the cost of these works.

7.3. General industry and investment risks

7.3.1. Market Demand and Pricing Risk

Potential investors should consider the impacts of supply and demand for commodities (especially oil and gas), fluctuations in the prices of those commodities, exchange rates, Australia's inflation rates, taxation laws and interest rates. All of these factors have a bearing on operating costs, potential revenue and share prices. Energy prices are volatile and cannot be controlled. Energy have fluctuated widely in recent years, and if the price of hydrocarbons falls significantly and remains depressed, this could affect the financial viability of any reserves discovered. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale. The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

7.3.2. Environmental Risk

In relation to the exploration permits held by the Company, issues can arise from time to time with respect to abandonment costs, consequential clean-up costs and environmental concerns. The Company could become subject to liability if, for example, there is environmental pollution and consequential clean-up costs at a later point in time. It is not possible to quantify any such contingent liability or any changes to environmental legislation that could lead to future liabilities.

7.3.3. Dependence upon key personnel

The Company's success depends in part on the core competencies of the Directors and management and the ability of the Company to retain key personnel. Loss of key personnel could have an adverse impact on the Company's performance.

7.3.4. Native Title Risk

Native title rights could adversely impact on some of the Company's other operations. If the Company's ability to conduct future exploration and/or development and production activities is adversely affected, this may have a material adverse effect on the Company's performance and the price at which its shares are traded.

7.3.5. Industry Nature Risk

Oil and gas exploration activity, especially drilling, is considered by its nature to be high-risk and is affected by numerous factors. Where exploration is successful, drilling operations can be affected by breakdowns, adverse weather conditions, site and geographical conditions, operational risks, shortage or delays in the delivery of rigs and/or other equipment, industrial disputes, government regulations, environmental Fixed Trust issues and unanticipated costs. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company. Exploration may be unsuccessful. Exploration may prove to be more costly than expected or the proposed timing of exploration may not be achieved, thus potentially putting strains on the Company's financial position.

7.3.6. Contractual Dispute Risk

Contractual disputes with joint venture partners, operators and contractors can arise from time to time. Some of the Company's projects are conducted as joint ventures. Where a venture partner does not satisfy its financial or other commitments or act in the best commercial interest of the project, it could have a material adverse effect on the interests of the Company. The Company is unable to predict the risk of financial failure, non-compliance with obligations or default by a participant in any venture to which it is, or may become, a party, or insolvency or managerial failure by any of contractors used by the Company in its exploration activities. Given that the Company has entered into joint venture and farmout agreements, the inability of those joint venturers or farminees to meet contracted obligations could adversely affect the Company's capacity to carry out its own activities.

7.3.7. Investment Risk

Holders of Shares have no right to a repayment of their investment. Investors should appreciate that an investment in Shares carries risks. The Shares may not be tradeable at their Offer Price, and liquidity may be thin. The Shares are not redeemable in any circumstance and, in the event of external administration or liquidation (i.e., insolvency), are likely to be of minimal value.

7.3.8. Epidemic or Other Global Risks

The Company's operations are dependent upon the availability of suitable qualified and experienced personnel and equipment, such as drilling rigs.

Local or widespread epidemics (pandemics) or conflict can adversely impact the availability of, or ability to mobilise, personnel and equipment. For example, testing of the Nangwarry-1 gas well in South Australia was delayed owing to impacts of the Covid-19 virus.

7.3.9. Competition Risks

The industry in which the Company operates is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the projects and business of the Company.

7.3.10. Bush Fires

The Company's operations may be carried out in bush fire prone areas. This can require special measures to be taken when performing, or impact the timing of, the Company's field activities. Alternatively, the outbreak of bush fire may mean activities have to be suspended and additional costs (such as stand-by or replacement costs) incurred.

7.3.11. Further Risks Specific to Oil & Gas exploration and development

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- Unanticipated operational and technical difficulties;
- Mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- Uninsured losses or liabilities.

Lakes will seek to mitigate these risks to the extent it is possible. However, there is no guarantee that all risks posed can be avoided.

8. KEY PEOPLE, INTERESTS AND BENEFITS

8.1. Board of Directors

Richard Ash – Chairman

Richard has significant investment banking, funds management and investment expertise and currently acts as an adviser to high net worth families. In recent times Richard has focussed on investing in and working with ESG related companies across a broad spectrum of industries focussing particularly on decarbonisation. Richard has previously worked in Europe, the Asia Pacific for KPMG, Macquarie Bank Westpac and Nomura.

Roland Sleeman – Chief Executive Officer

Roland has particular commercial and technical expertise in gas contracting and gas pipelining. He was involved in agreements to establish the now mature North West Shelf gas project, and has provided specialist advice and assistance to the ACCC, PWC (NT) and various organisations including Alcoa of Australia. He was Chief Commercial Officer for Eastern Star Gas, acquired by Santos in 2011 for \$924m. Roland is a founding director of Armour Energy.

Nicholas Mather – Non-Executive Director

Nick's special expertise is generation of and entry into of undervalued or unrecognised resource exploration opportunities.

He has been instrumental in generating \$5.7B cash for shareholders including as Co-Founder of Arrow Energy, sold to Shell and Petro-China for \$3.5B in 2010, Bow Energy, sold to Arrow Energy for \$550m in 2012. After 2012, Warrata Coal \$130m to Mineralogy 2009, Northern Energy \$250m New Hope Collieries 2011, BeMaX Resources \$350m to Cristal 2003. Nick was founder and CEO SolGold Plc until March 2020 have presided over the discovery of the world class cascabel gold project in Ecuador. Nick is CEO of DGR Global and Executive Chairman of Armour Energy.

8.2. Senior Management

Roland Sleeman – Chief Executive Officer

See Section 8.1 above.

Tim O'Brien – Chief Operating Officer

Tim has as wealth of on-ground experience with onshore Victorian petroleum exploration, along with a track-record of delivering drilling projects safely. He has overseen all of Lakes' drilling activity over the last 18 years, having joined the Company as a Petroleum Geologist after completing a MSc at Monash University. Notably Tim has been instrumental in the development of the Gippsland Basin projects for Lakes including all technical aspects and regulatory interactions. He is currently President of the Victoria/Tasmania branch of Petroleum Exploration Society of Australasia (PESA).

Elissa Hansen – Company Secretary

Elissa has over 20 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She has worked with boards and management of a range of ASX listed companies including assisting companies through the IPO process. Elissa is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the ASX Listing Rules, Corporations Act and other relevant legislation.

8.3. Interests and benefits

This Section 8.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director of Lakes;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of Lakes,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Lakes;
- property acquired or proposed to be acquired by Lakes in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of Lakes or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Lakes.

8.3.1. Interests of advisers

The Company has engaged the following professional advisers:

- Lodge Partners Pty Ltd, MMG Capital Limited, and Bizzell Capital Partners Pty Ltd have provided, and/or or will provide, services in arranging advance applications for New Shares. Lakes has agreed to pay approximately a fee of 6% of funds raised (plus GST) for these services. The estimated total fees to be paid are up to \$329,000 (excluding disbursements and GST) under the Full Subscription;
- Piper Alderman has acted as Australian legal adviser to the Company in relation to the Offer (excluding in relation to taxation and stamp duty matters) and provided the Australian Tenement Title Report for inclusion in the Prospectus. Lakes has paid, or agreed to pay, \$15,000 (excluding GST) for the Australian Tenement Title Report and approximately \$40,000 (excluding disbursements and GST) for legal advice in relation to the Offer. Further amounts may be paid to Piper Alderman in accordance with its timed-based charge-out rates;
- Leahy PNG Law has acted as Papua New Guinean legal adviser to the Company (excluding in relation to taxation and stamp duty matters) and provided the PNG Tenement Title Report assets for inclusion in the Prospectus. Lakes has paid, or agreed to pay, approximately \$10,000 (excluding disbursements and GST) for these services. Further amounts may be paid to Leahy PNG Law in accordance with its timed-based charge-out rates;
- RSM Corporate Australia Pty Ltd has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report for inclusion in the Prospectus. RSM Corporate Australia Pty Ltd has also performed due diligence enquiries in relation to the Financial Information. The Company has paid, or agreed to pay, approximately \$25,000 (plus GST) for these services to the date of this Prospectus. Further amounts may be paid to RSM Corporate Australia Pty Ltd in accordance with their normal time-based charge-out rates;
- SRK Consulting (Australasia) Pty Ltd has acted as the Independent Geologist and has prepared the Independent Geologist's Report for inclusion in the Prospectus. The Company has paid, or agreed to pay, approximately \$15,000 (plus GST) for these services to the date of this Prospectus. Further amounts may be paid to SRK Consulting (Australasia) Pty Ltd in accordance with their normal time-based charge-out rates; and
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.
- ERC Equipoise Pte Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is named, and to the inclusion of the data and statements attributed to it, in the form and context included in the Prospectus.

- Mr Adam Becis has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in the form and context in which it is named, and to the inclusion of the data and statements attributed to it, in the form and context included in the Prospectus.

8.3.2. Directors' interests and remuneration

Chief Executive Officer

The Chief Executive Officer (**CEO**) is also a Director of the Company. His remuneration is as follows:

- Director's fee of \$33,333 per annum, as set out in section 10.3.2.2
- Payment for services provided as CEO.

The CEO, Roland Sleeman, is not an employee of the Company. He provides CEO services as a contractor. Since 8 June 2018 there has however been no contract in place for provision of CEO services. The CEO has billed the Company on the basis of the expired contract for services with his average monthly billing over the period from 8 June 2018 to 30 November 2021 being approximately \$11,375. The CEO's remuneration over this period has, with Shareholder approval, been paid primarily through issue of Shares.

Commencing 1 November 2021 CEO services, whilst still uncontracted, are billed at \$320 per hour, excluding GST. The CEO receives no other benefits, including by way of sick leave, annual leave, long service leave or superannuation. He is reimbursed for reasonable expenses incurred on behalf of the Company

The CEO's holdings of Shares, Convertible Notes and Royalty Units are detailed in Table 10.1.

Director remuneration

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director, subject to total amount provided to all Directors not exceeding, in aggregate in any financial year, the amount fixed by the Company in general meeting. This is consistent with the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by Lakes in general meeting. No amount has yet been fixed by the Company in general meeting.

The annual base Director fees currently agreed to be paid by the Company are \$33,333 per annum to the Chairman and \$33,333 per annum to each other Director.

All Directors' fees include superannuation payments to the extent applicable and must not include a commission on, or a percentage of, profits or operating revenue.

Directors may also be reimbursed for all reasonable travelling and other expenses incurred by the Directors in attending to the Company's affairs including attending and returning from Board meetings or any meetings of committees of Directors and in attending and returning from any general meetings of the Company.

Directors may be paid such additional or special remuneration if they, at the request of the Board, and for the purposes of Lakes, perform any extra services or make special exertions.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

8.3.3. Deeds of access, indemnity and insurance for Directors

The Company has entered into a deed of access, indemnity and insurance with each Director, which confirms the Director's right of access to Board papers, and requires Lakes to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate. Under the deeds, Lakes must maintain a directors' and officers' insurance policy, insuring the Directors and officers against liability as a Director or officer of Lakes and its related bodies corporate until seven years after a Director or officer ceases to hold office as a director or officer of Lakes, or a related body corporate (or the date any relevant proceedings commenced during the seven-year period have been finally resolved).

8.3.4. Directors' Shareholdings and holding of Options

Directors are not required under the Constitution to hold any Shares or options over Shares. On the Prospectus Date and on Completion of the Offer, the Shareholdings of Directors and parties related to the Directors are as set out in the table below.

Director	Holdings on Prospectus Date			
	Convertible Notes ¹	Royalty Units ¹	Shares	
			Number	% of shares on issue
Richard Ash	0	0	322,200,242	0.91
Roland Sleeman	822,295,477	597,570	202,144,952	0.57
Nick Mather	566,500,000	515,000	161,750,720	0.46

Notes:

1. Holdings of Convertible Notes and Royalty Units will be unchanged by the Offers and acceptance thereof. In total there are 5,000,000 Royalty Units on issue to investors other than the Company.

The Directors, and related parties of the Directors, can only participate in the Offers with Shareholder approval. While the Directors intend to seek such approval in order that they, and related parties, may participate in the Offers above Minimum Subscription, it is not yet possible to determine what New Shares will be acquired by those parties.

8.3.5. Other Senior Management Remuneration

Chief Operating Officer (COO)

Mr Tim O'Brien is presently the only salaried employee of the Company. He has been employed on a full-time basis since August 2003 and was appointed Chief Operating Officer in February 2019.

His total remuneration is \$240,000 per annum, inclusive of superannuation. There is no contract of employment in place with Mr O'Brien.

On the Prospectus Date and on Completion of the Offer, the COO will hold the following Shares (either directly or through beneficial interests or entities associated with the COO).

Holdings on Prospectus Date			
Convertible Notes ¹	Royalty Units ¹	Shares	
		Number	(%)
633,162,743	853,233	119,600,000	0.34

Notes:

1. Holdings of Convertible Notes and Royalty Units will be unchanged by the Offers and acceptance thereof.

8.4. Corporate governance

This Section 8.4 explains how the Board will manage Lakes' business. The Board is responsible for the overall corporate governance of Lakes. Details of Lakes' key policies and practices and the charters for the Board and each of its committees will be available from the Prospectus Date at www.lakesblueenergy.com.au

The Board monitors the operational and financial position and performance of Lakes and oversees its business strategy including approving the strategic goals of Lakes. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Lakes.

In conducting business with these objectives, the Board is concerned to ensure that Lakes is properly managed to protect and enhance Shareholder interests, and that Lakes, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Lakes, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for Lakes' business and which are designed to promote the responsible management and conduct of Lakes.

The main policies and practices adopted by Lakes are summarised below. In addition, many governance elements are contained in the Constitution.

8.4.1. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 4th edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company is required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Having regard to the size and nature of Lakes and its operations, Lakes has adopted most of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. As the Company's activities develop in size, nature and scope, the size of the Board and implementation of additional corporate governance policies and structures will be reviewed.

The Company's current departures from the ASX Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departures
Recommendation 1.5 A listed entity should set measurable objectives for achieving gender diversity in the composition of its board, senior executive and workforce generally.	While the Board has adopted a Diversity Policy, it has not set measurable gender diversity objectives at this time and does not intend to until it is of a sufficient size and structure to benefit from these objectives. The Board currently has a policy of appointing the best person for the job.
Recommendation 2.1 A listed entity should have a nomination committee	Lakes will not have a separate Nomination Committee until such time that the Board is of sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company.

Recommendation 2.4 A majority of the Board of a listed entity should be independent directors	The Company currently has only one independent director on the Board, the Chairman. This is not considered unreasonable due to the current size and nature of the existing Board and the magnitude of the Company's operations.
Recommendation 4.1 The board of a listed entity should have an audit committee of at least three members that are non-executive and the majority of whom are independent.	The Board fulfills the role and responsibilities in relation to the Audit Committee. The Board considers that the Company is not currently of a size, not are its affairs of such complexity to justify having a separate Audit Committee at this time.
Recommendation 7.1 The board of a listed entity should have committee to oversee risk of at least three members that are independent.	The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. The Board considers that the Company is not currently of a size, not are its affairs of such complexity to justify having a separate risk committee at this time.
Recommendation 8.1 The board of a listed entity should have a remuneration committee which has at least three members, the majority of whom are independent directors.	The Board as a whole performs the function of the Remuneration Committee. The Board considers that the Company is not currently of a size, not are its affairs of such complexity to justify having a separate risk committee at this time.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.lakesblueenergy.com.au. These policies will be updated and/or amended, as appropriate, to suit the business of Lakes.

8.4.2. Board appointment and composition

The Board of Directors is comprised of the Chief Executive Officer and 2 Non-Executive Directors (including the Chairman). Biographies of the Directors are provided in Section 8.1.

Each Director has confirmed to Lakes that they anticipate being available to perform their duties as a Non-Executive or Executive Director as the case may be, without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of Lakes' management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers quantitative and qualitative principles of materiality for the purpose of determining independence on a case-by-case basis. The Board considers whether there are any factors or considerations that may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of Lakes.

The Board considers that the Company's Chairman, Richard Ash is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of that Director's unfettered and independent judgement, and that he is able to fulfil the role of independent Director for the purpose of the ASX Recommendations. Roland Sleeman is currently considered by the Board not to be independent as he is currently the Chief Executive Officer of the Company and Nicholas Mather is currently considered not to be independent due to his relationships with the substantial holders of the Company.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

8.4.3. Board Charter

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising Lakes' strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Lakes' performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with Lakes' values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of Lakes' performance and major developments affecting its state of affairs.

The management function is conducted by, or under the supervision of the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Directors are entitled to request information from management at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at Lakes' expense, subject to the approval of the Chairman.

8.4.4. Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has not established any committees at this time due to the size and current level of operations however committees may be established by the Board as and when required.

Audit and Risk Committee

Under its charter, this committee should consist of at least three members of the Board, only Non-Executive Directors, a majority of independent Directors and an independent chair who is not Chairman of the Board. However, given the size of the Company and the Board, the Board fulfils the roles and responsibilities in relation to the Audit Committee.

The role of the Audit and Risk Committee, which is undertaken by the full Board includes:

- oversees Lakes' relationship with the external auditor and the external audit function generally;
- oversees the preparation of the financial statements and reports;
- oversees Lakes' financial controls and systems; and
- manages the process of identification and management of financial risk.

Remuneration and Nomination Committee

Under its charter, this committee should consist of at least three members, only Non-Executive Directors, a majority of independent Directors and an independent Director as chair. However, given the current size of the Company and the Board, the Board carries out the duties that would ordinarily be carried out by a Remuneration and Nomination Committee.

The responsibilities of the Remuneration and Nomination Committee, which are undertaken by the full Board are as follows:

- develop a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- review the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Chief Executive Officer, having regard to the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- review the criteria for Board membership, including the necessary and desirable competencies of Board members and the time expected to be devoted by Non-Executive Directors to the Company's affairs;
- review the membership of the Board, including making recommendations for the re-election of Directors and assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of Executive Directors);
- undertake performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies;
- review the Board Charter on a periodic basis;
- ensure that an effective induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for Directors;
- on an annual basis, review the effectiveness of the Board's Diversity Policy by assessing the Company's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives and reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented; and

- in accordance with the Board's Diversity Policy, on an annual basis, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of Lakes, and submit a report to the Board, which outlines the Committee's findings.

8.4.5. Corporate Governance Policies

Continuous Disclosure Policy

Lakes is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Lakes is aware of its obligation to keep the market fully informed of any information it becomes aware of concerning Lakes which may have a material effect on the price or value of the Shares, subject to certain exceptions.

Lakes has adopted a Continuous Disclosure Policy, which establishes procedures that are aimed at ensuring that Lakes fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

Securities Trading Policy

Lakes has adopted a Policy for Trading in Securities, which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Securities Trading Policy applies to all Directors, officers, senior executives and employees who have been advised by the Company Secretary that they have information that is or may become inside information and their connected persons.

The policy provides that relevant persons must not deal in Lakes' securities:

- when they are in possession of material price-sensitive information;
- on a short-term trading basis; and
- during trading blackout periods (except in exceptional circumstances).

Outside of these periods, Directors and certain designated employees must receive prior approval for any proposed dealing in Lakes' securities (including any proposed dealing by one of their connected persons), and in all instances, buying or selling Shares is not permitted at any time by any person who possesses material price-sensitive or 'inside' information.

Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal code of conduct that outlines how Lakes expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Lakes (including temporary employees, contractors and the Directors) must comply with the code of conduct.

The code of conduct is designed to:

- provide a benchmark for professional behaviour throughout Lakes;
- support Lakes' business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

Communication with Shareholders

Lakes aims to communicate all important information relating to Lakes to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and

publications, including Lakes' website, at the annual general meeting, through the annual report and ASX announcements.

Diversity policy

The Board has formally approved a diversity policy in order to, among other matters, address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. However, given the size and nature of the Company's operations, Lakes has not yet set measurable objectives for achieving gender diversity. Once the Board has set these objectives, it will include in the annual report each year a summary of Lakes' progress towards achieving the measurable objectives set under the diversity policy for the year to which the annual report relates, along with details of the measurable objectives set under the diversity policy for the subsequent financial year.

Whistleblower

Lakes' Whistleblower Policy sets out the types of disclosures that qualify for protection under the Whistleblower Protection Scheme, information about the protections available under the Scheme and how the Company will support whistleblowers and protect them from detriment. The policy is made available to all officers, employees and contractors and can be found on the Company's website.

Any material incidents reported under the Whistleblower Policy must be reported to the Board.

Anti-bribery and Corruption

Compliance with lakes' Anti-bribery and Corruption Policy is foundational to the Company's values, reputation and standing in the wider community.

The Company prohibits bribery and corruption in all dealings in every country. Lakes' Anti-bribery and Corruption Policy applies to all dealings whether they be with private organisations, individuals, domestic or foreign governments, or their representatives.

A copy of the Anti-bribery and Corruption Policy can be found on the Company's website. The Board must be notified of any material breaches to this policy.

Further details

Further details on the above corporate governance policies may be found on Lakes' website located at www.lakesblueenergy.com.au.

9. DETAILS OF THE OFFER

9.1. The Offer

9.1.1. Overview

This Prospectus relates to an offer of 5,428,512,971 New Shares at an Offer Price of \$0.0008 per New Shares to raise a minimum of \$2,404,000, up to a maximum of \$4,342,810.

The New Shares offered under this Prospectus, together with Shares to be issued pursuant to the Firm Placements, will represent between approximately 11% and 16% of the total Shares on issue after completion of the Offer. All Shares will rank equally with each other.

The Offer comprises:

- the General Offer, which is open to retail investors who reside in Australia, including Shareholders and holders of Convertible Notes; and
- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and certain other eligible jurisdictions.

The key dates, including details of the Offer Period, are set out in Section 2 of this Prospectus. No New Shares will be issued under this Prospectus later than the Expiry Date.

The Company has advance commitments and underwriting in place (see Sections 9.3.3 and 9.3.4) to ensure that the Minimum Subscription is achieved.

9.1.2. Purpose of Offer

The Company is making the Offer in order to secure funds to:

- fund drilling of the Wellesley-2 well, within the Roma Shelf Project in Queensland;
- fund preparation works for resumption of exploration within Victoria, namely the securing of approvals for drilling of the Wombat-5 and Otway-1 wells;
- meet ongoing corporate costs and for working capital; and
- meet the costs of the Offer.

By making the Offer the Company also intends to satisfy one of the conditions specified by ASX to reinstate the Company's Shares to official quotation – a list of the key conditions is set out in Section 5.1.

9.2. Sources and uses of funds

The Company had \$470,000 cash on hand at 30 June 2021.

Details of the intended use of funds raised through the Offers are set out below based upon Full Subscription.

Funds Available	Minimum Subscription	Full Subscription
Funds available at 30 June 2021	\$470,000	
Funds committed under Firm Placements	\$1,146,000	
Funds raised under Offer	\$2,404,000	\$4,342,810
Total	\$4,020,000	\$5,958,810

Use of Funds – Full Subscription	Minimum Subscription	Full Subscription
Working capital provision, to June 2022	\$1,545,000	\$1,517,000
Drilling of Wellesley-2 Gas Well	\$1,600,000	\$1,600,000
Costs of capital raising	\$405,000	\$534,000
Funds applied toward Wellesley production flowline or resumption of Victorian Exploration	-	\$1,837,810
Total (excluding funds available at 30 June 2021)	\$3,550,000	\$5,488,810

Notes:

1. Refer to Section 10.11 for a detailed summary of the Offer costs for the Minimum and Full Subscriptions.
2. The working capital provision includes costs for collection of rock and fluid samples in PNG (\$100k); marketing of Nangwarry carbon dioxide (\$100k); and preparatory work for resumption of on-ground exploration in Victoria (\$250k).

The use of funds set out in the table above is the Company's intended use of funds at the date of this Prospectus. Unexpected events or new circumstances, including in relation to risk factors as set out in

section 7, have the potential to affect the Company's decisions. The Company reserves the right to vary the way that funds are applied.

If funds raised from the Offer exceed the Minimum Subscription but are less than Full Subscription then the Company will seek further or alternative sources of finance to fund Wellesley flowline infrastructure or for recommencement of Victorian exploration (such as debt, further capital raise or farm out of projects). Since the Offer is underwritten the Minimum Subscription is assured.

9.3. Terms and conditions of the Offer

9.3.1. Offer details

The Company is offering investors up to 5,428,512,971 New Shares at an Issue Price of \$0.0008 per New Share to raise a minimum of \$2,404,000 and a maximum of \$4,342,810. A description of the New Shares, including the rights and liabilities attaching to them, is set out in section 10.8.

The Offer comprises:

- the General Offer, which is open to retail investors who reside in Australia; and
- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and certain other eligible jurisdictions.

The allocation of Shares between the General Offer and the Institutional Offer will be determined by the Company in consultation with the Underwriter, having regard to the allocation policy outlined below. The Company, in consultation with the Underwriter, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

9.3.2. Key dates

The key dates, including details of the Offer Period, are set out in the section titled Key Offer Information at section 2 of this Prospectus. No New Shares will be issued under this Prospectus later than the Expiry Date.

9.3.3. Minimum Subscription

The ASX has agreed to allow resumption of trading of the Company's shares on conditions as detailed in section 5.1. The conditions include a requirement to raise at least \$3,550,000.00, before costs.

The Company has entered into binding agreements for placement with sophisticated and professional investors of 1,432,500,000 Shares at a price of \$0.0008 (**Firm Placements**), to raise \$1,146,000 (before costs).

After allowing for the Firm Placements, a minimum of \$2,404,000 (**Minimum Subscription**) is to be raised under the Offer in order that, in total, the Company raises sufficient funds to meet the ASX requirement.

The Company has the following further arrangements in place to ensure the Minimum Subscription is achieved:

- a) The Company has received commitments from parties to subscribe for, or to secure subscriptions for, 1,000,000 Shares under the Offer (**Firm Subscriptions**) to raise \$800,000; and
- b) The balance of the funds required to meet the Minimum Subscription, that is \$1,604,000, has been underwritten by Bizzell Capital Partners Pty Ltd (**Underwriting**).

Taken together, the Firm Subscriptions and the Underwriting will ensure that the Minimum subscription is achieved and, together with the Firm Placements, will also ensure a minimum of \$3.55m is raised in order to meet the ASX requirement.

Despite the above, should the Company for some reason not receive the Minimum Subscription then the Company will refund all Application moneys without interest in accordance with the Corporations Act.

No New Shares will be issued until the Minimum Subscription is reached and the Offer is closed.

9.3.4. Underwriting

The Minimum Subscription is underwritten to the amount of \$1,604,000. Details of the terms of the Underwriting are set out at section 10.5.

The Underwriting is in addition to the Firm Subscriptions, thereby ensuring the Minimum Subscription will be realised.

9.3.5. Rights attaching to New Shares

A summary of rights and liabilities attaching to New Shares and Bonus New Shares is set out in Section 10.8.

9.3.6. Taxation

Given that the taxation consequences of an investment will depend upon the investor's particular circumstances it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in GCR.

If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.

9.3.7. Reinstatement to official quotation by ASX and withdrawal of the Offer

Completion of the Offer is conditional on the Company satisfying all of ASX's conditions to reinstatement of the Company's Shares to official quotation. As set out in section 5.1, the reinstatement to official quotation is subject to a number of conditions. If the Company is not able to satisfy those conditions, and the ASX does not reinstate the Shares to official quotation, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable.

The Company further reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded without interest as soon as practicable.

9.3.8. Escrowed Shares

Certain Shares issued to parties before the Prospectus Date are subject to voluntary escrow arrangements. Details of Escrowed Shares, and the terms of the voluntary escrow, are set out in section 10.6.

9.4. Capital structure and effect on control

The capital structure of the Company following the Offers, assuming Full Subscription, will be as shown in the following table.

Shares	Minimum Subscription	Full Subscription
Existing Shares	35,521,408,960	
Shares to be issued under Firm Placements	1,432,500,000	
New Shares issued under the Offer	3,005,000,000	5,428,512,971
Total Shares on issue after completion of Offer	39,958,908,960	42,382,421,931
Convertible Notes (Unchanged by the Offer)		
Existing Unlisted Convertible Notes, each note convertible into one share, maturing 31 March 2023	10,921,382,230	10,921,382,230

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares held at date of this Offer Document	% of Company's Shares held at date of this Offer Document
New Peak Metals Ltd	10,008,714,010	28.18%
Timeview Enterprises Pty Ltd	2,720,821,462	7.66%
Armour Energy Ltd	2,125,000,000	5.98%

The Company understands that the largest Shareholders (as tabulated above) with a total current voting power of 41.82% will not be applying for New Shares under the Offer and will therefore, after completion of the Offer, have reduced individual and total voting power.

Further to the above, the Company will not issue any New Shares so a party can increase its voting power beyond 20%. Therefore, no Shareholder can increase its voting power beyond 20% through an allocation of New Shares.

By reason of the above, the Company is of the view that the Offer will not materially affect the control of the Company.

9.5. General Offer

9.5.1. Who can apply in the General Offer

The General Offer is open to persons who have a registered address in Australia.

The General Offer is a general public offer and is not open to persons in the United States.

9.5.2. How to apply for Shares

Applications for Shares may only be made on an Application Form accompanying this Prospectus or any replacement or supplementary prospectus. Applicants can:

- apply online at <https://lakesblueenergyshareoffer.thereachagency.com> and pay the Application Monies electronically; or
- complete a paper-based Application using an Application Form attached to, or accompanying, this Prospectus or a printed copy of the Application Form attached to the electronic version of the Prospectus.

Existing Shareholders may provide their Holder Identification Number (HIN) or Securityholder Reference Number (SRN) for any New Shares issued to be allocated to their existing holding.

Existing Shareholders completing the General Offer Application Form insert your Holder Identification Number (HIN) or Securityholder Reference Number (SRN) in Section F and tick the box to allocate New Shares to my existing holding.

Existing Shareholders completing the Online Application Form insert your Holder Identification Number (HIN) or Securityholder Reference Number (SRN) in the field titled Existing Shareholder.

Applicants may apply online by following the instructions set out below and completing a BPAY® payment. Follow the instructions below to complete your payment. If you do not make a BPAY® payment, your Application will be incomplete and will not be accepted. Your online Application Form and BPAY® payment must be completed and received by no later than 5:00pm on the Closing Date.

9.5.3. Australian applicants paying for online Applications

If you are applying online using an online Application Form and making your application payment by BPAY® you must certify that you were provided with a full copy of this Prospectus, and then will be given a BPAY® biller code and unique customer reference number for your Application once you have completed your online Application Form.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using the BPAY® payment details provided details, you must:

- access your participating BPAY® financial institution either through telephone or internet banking;
- select to use BPAY® and follow the prompts;
- enter the supplied biller code and unique customer reference number;
- enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- select which account you would like your payment to come from;
- schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- record and retain the BPAY® receipt number and date paid.

Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® and payment cut-off times may vary between different financial institutions.

You must check with your financial institution about their BPAY® closing time, to ensure that your payment will be received together with your Application Form prior to the Closing Date and time.

9.5.4. Australian applicants completing an Application Form

Accompanying and forming part of this Prospectus is an Application Form for use if you wish to apply for Shares under the Offer. To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on its reverse side. Completed Application Forms should be received by the Company, together with the Application Monies in full, prior to 5pm on the Closing Date at the following address:

By Post or Delivered To:

Lakes Blue Energy NL
c/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001, Australia

Applicants should make their cheques payable in Australian dollars, based on an Issue Price of \$0.0008 per Share. All cheques should be made payable to “Lakes Blue Energy NL” and be crossed “Not Negotiable”.

Applications must be for a quantum that will ensure the minimum holding, after allocation of New Shares, of 500,000 Shares and, thereafter, in multiples of 1,000 Shares. Applications for less than the minimum quantum of New Shares will not be accepted.

An original completed and lodged Application Form (or a paper copy of the Application Form from the electronic Prospectus), together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

9.5.5. Application Monies

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies refunded.

9.5.6. Allocation policy under the Retail Offer

The allocation of Shares to investors under the General Offer will be determined by the Company in consultation with the Underwriter.

9.6. Institutional Offer

9.6.1. Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Company already has in place the Firm Subscriptions, as set out in Section 9.3.3. The Company will separately advise Institutional Investors of the Application procedures for the Institutional Offer.

9.6.2. Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer and the General Offer is determined by the Company. The Company in consultation with the Underwriter has absolute discretion regarding the basis of allocation of Shares among Institutional Investors. The Firm Subscriptions, as set out in Section 9.3.3, have been assured of, and will receive, allocations as applied for.

Further participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Company. The allocation policy is influenced by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following reinstatement of quotation;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Retail Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Underwriter considers appropriate.

9.7. Issue and quotation

9.7.1. Issue of new Shares

The new Shares under the Offer will be issued as soon as practicable after the Closing Date, subject to the Minimum Subscription being reached and the ASX confirming that it will reinstate the Company's Shares to official quotation. The Company will issue the new Shares on the basis of completed Application Forms received by the Closing Date.

Pending the issue of new Shares or payment of refunds under this Prospectus, the Company will hold all Application Money on trust in a separate bank account.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

9.7.2. Holding Statements

The Company participates in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive holding statements setting out the number of new Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

9.8. Unmarketable Parcels

The Company has just over 12,000 Shareholders, of which around 7,700 hold unmarketable parcels of shares. An unmarketable parcel is a parcel with a market value of less than \$500. At the most recently

traded price of the Company's shares, an unmarketable parcel is a shareholding of less than 500,000 shares.

The Company will be taking action to reduce the number of unmarketable parcels of shares, the administrative costs of which are unacceptably large. This is likely to involve the on-market sale of unmarketable parcels, with the net proceeds from the sale distributed to holders of the shares in question.

Shareholders with unmarketable parcels of shares, but who desire to continue as a shareholder of the Company, are strongly advised to take advantage of this Offer by applying for at least that quantity of new Shares that will increase their total shareholding to at least 500,000 shares. Shareholders with unmarketable parcels of shares should note however that there is no guarantee they will receive all or any allocation of new Shares. New Shares will be allocated pursuant to the policy set out in section 11.4.

9.9. Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

9.9.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

9.9.2. Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the *US Securities Act of 1933*, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

9.10. Where to find more information about this Prospectus or the Offer?

For any questions about this Prospectus or how to apply for Shares, please contact the Company on 0396291566 or at info@lakesoil.net.au.

If you are unclear or uncertain as to whether Lakes is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in New Shares.

10. ADDITIONAL INFORMATION

10.1. Registration

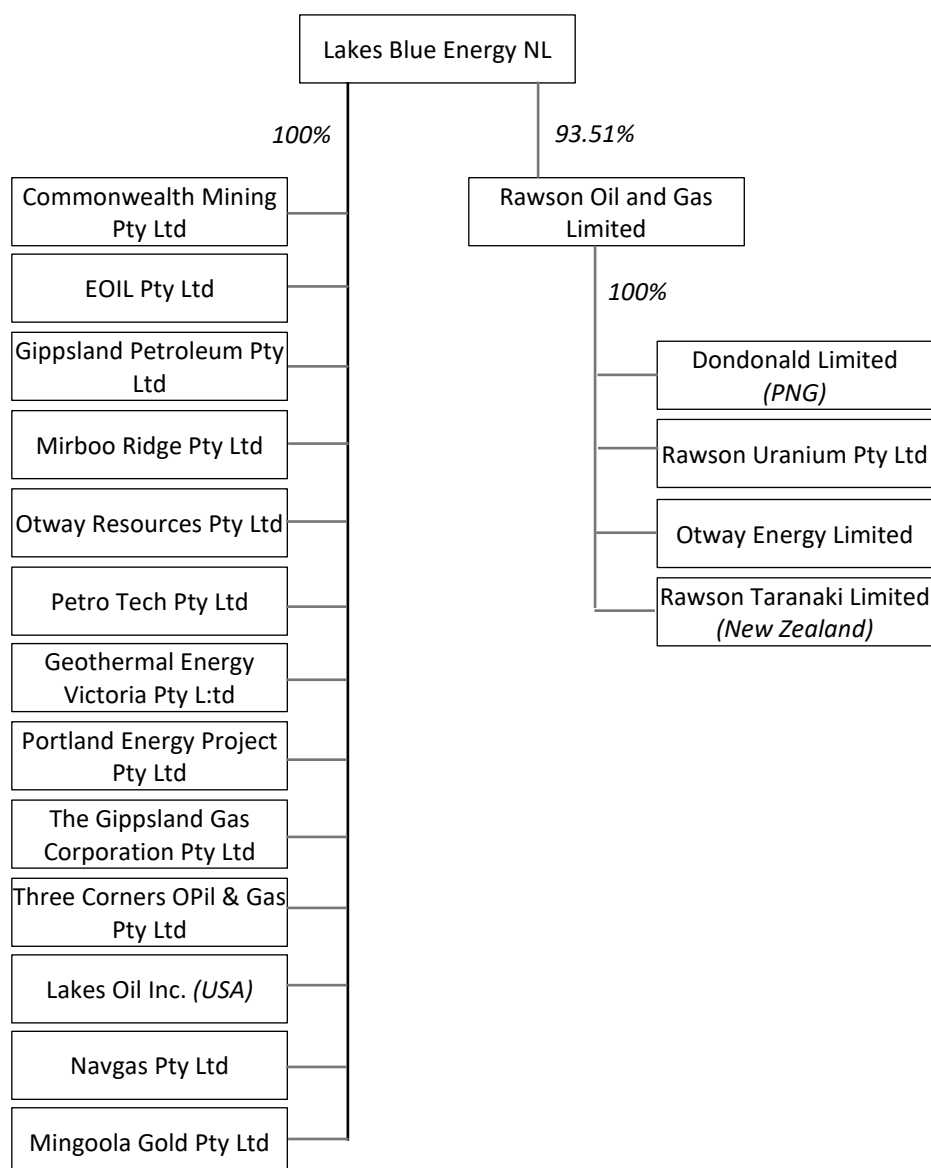
The Company was registered in Victoria on 23 September 1946.

10.2. Company tax status

The Company will be taxed in Australia as a public company.

10.3. Corporate structure

The following diagram represents the corporate structure of Lakes at the Prospectus Date.



10.4. Compliance Offer

In addition to the Offer, this Prospectus also relates to an offer to nominated employees of the Company for the issue of up to a further 10 New Shares (the **Compliance Offer**). The Compliance Offer opens on the Opening Date and will close 7 days after the commencement of reinstatement of the Company's Shares to official quotation on the ASX (or on any earlier date that the Board determines). The Company reserves the right not to accept any applications in respect of the Compliance Offer.

The Company:

- On 21 May 2021, issued 1,700,000,000 Shares to Acuity Capital (**Acuity**) for nil consideration as collateral for the Company's obligations under a Controlled Placement Agreement between the Company and Acuity, and 30,000,000 Shares in lieu of cash payments for services provided;
- Will issue 1,432,500,000 Shares to sophisticated and professional investors pursuant to the Firm Placements, subject to ASX approval for resumption of trading of the Company's Shares.

The existence of the Compliance Offer will enable holders of those Shares to rely on the exception under section 708A(11) of the Corporations Act and sell their Shares on ASX after the Shares are reinstated to official quotation on the ASX (which would have otherwise been prohibited for 12 months after the date of the Completion of the Offer, under the on-sale restrictions in section 707(3) of the Corporations Act).

10.5. Lead Managers

No lead manager has been appointed in respect of the Offer.

10.6. Escrow

The Company's three largest Shareholders, as detailed in section 6.3, together with the Company's Directors have entered into voluntary escrows in respect of their Shareholdings in the Company. The key terms of the voluntary escrow are as follow:

- a) Subject to points b) and c) below, the Shareholders will not dispose of any of their shareholdings for a period of 6 months (**Standstill Period**) commencing on issue of new Shares pursuant to the Offer.
- b) The Shareholders may dispose of any or all of their respective shareholding during the Standstill Period in the following circumstances:
 - (i) If the Shareholder elects to participate in the Offer by subscribing for New Shares, the Standstill Period will not apply to new Shares issued to that Holder;
 - (ii) Where the Company provides written consent to the sale;
 - (iii) To enable a Shareholder to accept an offer under a takeover bid or to enable shares to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act;
 - (iv) To the extent that the dealing is required by law, including by order of a court, tribunal or authority; or
 - (v) If during the Standstill Period the 15-day volume weighted average price at which the Company's shares are traded on the ASX platform exceeds 0.3 cent per share.
- c) The voluntary escrow arrangement is subject to receipt of requisite regulatory approvals, including but not limited to relief from ASIC from the application of Chapter 6 of the Corporations Act to the Company and NewPeak Metals Limited, as a result of the Company, and New Peaks Metals Limited, acquiring a relevant interest in the Shares the subject of the escrow arrangements. The Shareholders who are party to the voluntary escrow arrangement are set out in the following table, together with the number of shares to which the escrow applies.

Shareholder	Number of Shares in Escrow	Shareholding on Prospectus Date (%)
NewPeak Metals Limited	10,008,714,010	28.2%
Timeview Enterprises Pty Ltd	2,720,821,462	7.7%
Armour Energy Ltd	2,125,000,000	6.0%
DGR Global Limited	742,159,370	2.1%
Parties related to Mr Richard Ash	322,200,242	0.9%
Samuel Capital [related to Mr Nicholas Mather]	161,750,720	0.5%
Parties related to Mr Roland Sleeman	166,144,952	0.5%
Total	16,284,089,062	45.7%

10.7. Underwriting

The Offers are underwritten to the amount of \$1,604,000 (**Underwritten Amount**), such amount being in addition to the Firm Subscriptions of \$800,000.

The Underwriter is Bizzell Capital Partners Pty Ltd.

An Underwriting Agreement has been negotiated on an arm's length basis. The Agreement contains standard commercial terms and conditions for a firm underwriting of a capital raising of this size and type, including customary covenants, indemnities and representations and warranties by the Company, and limited terminating events which, if they occur, will relieve an Underwriter of its underwriting obligation.

Under the terms of the Underwriting Agreement, the Company will pay the Underwriter a fee of 6% of the value of all New Shares underwritten and issued under the Offer. In addition, the Underwriter is entitled to be reimbursed for legal costs (capped at \$15,000) and other reasonable expenses incurred in connection with the Offer.

Subject to compliance with the ASX Listing Rules, the Underwriter may set-off all amounts payable to the Underwriter under the Underwriting Agreement against any payment obligation owed by the Underwriter or its Related Corporations or Affiliates to the Company (including in relation to the subscription for New Shares).

The Underwriter may appoint sub-underwriter(s) and is responsible for any fees that may have to be paid to the sub-underwriter(s). The Company has been advised that Samuel Capital Pty Ltd, an entity related to Director Nicholas Mather, will be appointed as a sub-underwriter and will be paid a fee of 5%. The issue of Shares to Samuel Capital Pty Ltd will be subject to receipt of Shareholder approval.

The Company has given indemnities, warranties and covenants to the Underwriter which are of a type and form that is usual in an Underwriting Agreement. These include:

Conditions precedent

The Underwriter's obligation to subscribe for Shares from the Shortfall is conditional on the Company providing the Underwriter with a Shortfall Notice and Closing Certificate on the Shortfall Notification Date in accordance with the terms of the Underwriting Agreement.

Termination

The obligation of the Underwriter to underwrite the Offer in respect of the Underwritten Amount is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any of the following events occurs:

- (a) approval is refused or not granted, other than subject to customary conditions, for the official quotation of all of the New Shares on ASX on or before the Applications Closing Date, or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before the issue of any New Shares; or
- (b) the Issue Price under the Offer is determined to be greater than \$0.0008;
- (c) the Company withdraws the Offer Document or the Offer, or indicates that it does not intend to proceed with the Offer or terminates the Offer;
- (d) the S&P/ASX 200 Index being at any time for 5 consecutive business days (in Brisbane) after the date of acceptance of this Agreement but prior to the date of allotment of the New Shares (the **Allotment Date**), more than 20% below the level of that Index as at the close of ASX trading on the Trading Day (as that term is defined in the ASX Listing Rules) immediately before the date of lodgement of the Offer Document;
- (e) the ASX:
 - (i) announces or makes a statement to any person that the Company will be removed from the official list of ASX or the Shares will be suspended from quotation, other than by an announcement by ASX of a trading halt or a voluntary suspension requested by the Company for the purposes of the Offer;
 - (ii) removes the Company from the official list;
 - (iii) ceases to quote the Shares on ASX;
- (f) the Company does not provide a Closing Certificate by the time required by clause **Error! Reference source not found.**;
- (g) the Company does not provide a New Circumstances Certificate by the time required by clause **Error! Reference source not found.**;
- (h) any circumstance arising after lodgement of the Offer Document that results in the Company either repaying the money received from applicants under the Offer (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their application money;
- (i) other than as contemplated by the Offer Document, the Company taking any steps to alter its capital structure or constitution without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (j) a judgment in an amount exceeding \$500,000 being obtained against the Company, and which is not set aside or satisfied within 21 days;
- (k) any distress, attachment, execution or other process of a governmental agency in an amount exceeding \$500,000 being issued against, levied or enforced upon any of the assets of the Company and not set aside or satisfied within 21 days;
- (l) the Company passing or taking any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (m) the Company suspending payment of its debts generally;
- (n) the Company is or becoming unable to pay its debts when they are due or is or becoming unable to pay its debts within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;

- (o) the Company entering into or resolving to enter into any arrangement, composition or compromise with, or assignment for the benefit of its creditors or any class of them;
- (p) other than as contemplated by the Offer Document, the Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on business;
- (q) a statement contained in the Offer Document being materially misleading or deceptive, or a matter required by the Corporations Act to be included being omitted from the Offer Document, or the Offer or the Offer Document does not materially comply with the Corporations Act, the ASX Listing Rules, or any other applicable piece of legislation or regulation;
- (r) the Company fails to issue a supplementary or replacement Offer Document in a form that the Underwriter regards as reasonable or required in circumstances where the Underwriter reasonably believes that this is necessary;
- (s) any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the Offer as part of the due diligence process is misleading or deceptive;
- (t) after the Offer Document has been lodged with the ASX there occurs a new circumstance that would, in the reasonable opinion of the Underwriter, have been required to be included in the Offer Document if it had arisen before the Offer Document was lodged in relation to the Company or any entity in the Group;
- (u) a person gives a notice to the Company under section 730 of the Corporations Act;
- (v) (withdrawal of consent)
 - (i) any person whose consent to the issue of the Offer Document or any Supplementary Offer Document is required by section 720 of the Corporations Act and who has previously consented to the issue of the Offer Document or any Supplementary Prospectus withdraws such consent;
 - (ii) any person gives a notice under section 733(3) of the Corporations Act; or
 - (iii) any person (other than the Underwriter) who has previously consented to the inclusion of their name or any statement in the Offer Document or any Supplementary Offer Document withdraws that consent;
- (w) termination or a material amendment of any material contract of the Company;
- (x) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Japan, the People's Republic of China, Hong Kong, Singapore, South Korea or any member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- (y) hostilities, political or civil unrest not presently existing (whether war has been declared or not) commencing, or a major escalation in existing hostilities, political or civil unrest occurring (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China, or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world which is materially prejudicial to the Company or the Offer;
- (z) a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not existing on the date of the Underwriting Agreement occurs or in respect of which

there is a major escalation, involving any one or more of Australia, New Zealand, the United States of America or a country in the Oceania region;

- (aa) trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX PROVIDED THAT if trading in the Company's securities is halted (as necessary) to give effect to the Offer, that will not be an Event of Default;
- (bb) a change occurring in the board of directors, CEO or other senior executive of the Company to which the Underwriter does not provide written consent;
- (cc) any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the Accounts, the Offer Document or the Public Information, including:
 - (i) any material adverse change in the reported earnings or future prospects of the Company or an entity in the Group; or
 - (ii) any material adverse change in the nature of the business conducted by the Company or an entity in the Group; or
 - (iii) the insolvency or voluntary winding up of the Company or an entity in the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - (iv) any material adverse change to the rights and benefits attaching to the Shares; or
 - (v) any change that may have a Material Adverse Effect;
- (dd) termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;
- (ee) there being a material contravention by the Company of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- (ff) any material adverse change or disruption occurring in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurring in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the New Shares or that the success of the Offer is likely to be adversely affected; legal proceedings and offence by directors;
- (gg) material legal proceedings (including any application for that Takeovers Panel) commencing against either:
 - (i) the Company; or
 - (ii) any director or any member of the senior management of the Company, orany director or any member of the senior management of the Company is disqualified from managing a corporation under section 206A Corporations Act;
- (hh) a Director or any member of the senior management of the Company is charged with a criminal offence;

- (ii) any Government Body commences any public action against the Company, any of the directors or any member of the senior management of the Company, or announces that it intends to take any such action;
- (jj) any escrow agreement:
 - (i) is terminated, void, avoided, illegal, invalid, unenforceable or materially limited in its effect, any condition precedent in it is not satisfied by its due date (or becomes incapable of satisfaction by its due date and is not waived), any party commits a material breach of it or any party to it has the right to, or purports in writing to, terminate, rescind or avoid all or a material part of the agreement (or any person so alleges); or
 - (ii) is amended in any material respect without the prior written consent of the Underwriter
- (kk) any notification is made of an application by ASIC for an order under Part 9.5 Corporations Act in relation to the Offer Document, or ASIC commences any investigation or hearing under Part 3 Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer Document;
- (ll) the Company issuing a public statement concerning the Offer which has not been approved by the Underwriter;
- (mm) the Company breaching any of its obligations under this Agreement;
- (nn) any representation or warranty contained in this Agreement on the part of the Company being breached or becoming false, misleading or incorrect;
- (oo) an event specified in section 652C(1) or section 652C(2) of the Corporations Act occurring (replacing 'target' as used in those sections with 'Company');
- (pp) any of the following occurring which does or is likely to prohibit, materially restrict or regulate the Offer or materially reducing the likely level of Valid Applications for New Shares or materially affecting the financial position of the Company or having a Material Adverse Effect on the success of the Offer:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia;
- (qq) an event specified in the Timetable is delayed for more than 3 Business Days other than as the result of actions taken by the Underwriter or due to requirements of ASX (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter prior consent); or
- (rr) the Company or any Related Body Corporate of the Company fails to comply with any of the following:
 - (1) a provision of its constitution;
 - (2) any statute;
 - (3) the Listing Rules;
 - (4) a requirement, order or request made by or on behalf of the ASIC, the ASX or any Governmental Agency; or

- (5) any agreement entered into by it (including this Agreement).

10.8. Rights and Liabilities Attaching to New Shares

The New Shares will rank equally in all respects with all Existing Shares. The rights attaching to Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

10.8.1. General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

10.8.2. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held.

10.8.3. Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend, which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. ^[11]~~[SEP]~~ The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

10.8.4. Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. ^[11]~~[SEP]~~ The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

10.8.5. Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

10.8.6. Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

10.8.7. Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

10.8.8. Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.8.9. Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

10.9. Convertible Notes

The terms of the Convertible Notes on issue by the Company are:

- a) The Notes have been placed with sophisticated investors, professional investors (under the Corporations Act) and other investors who are exempt from disclosure requirements (subject to any necessary regulatory approvals). The Notes will not be listed on the ASX.
- b) The Notes were issued in tranches to meet cash requirements whilst minimising interest costs.
- c) The Notes have an issue price and face value of 0.09 cents per Convertible Note.
- d) Interest is paid half yearly in arrears at a rate of 15% per annum. Interest may be paid at Lakes' election by the issue of further Notes.
- e) The maturity date of the Notes, if not earlier converted, is 31 March 2023.
- f) Notes are convertible at any time at the election of the Noteholder into one ordinary share in Lakes subject to usual adjustment mechanisms in certain circumstances.
- g) Notes are secured by a first ranking charge over Lakes' assets.

Half-yearly interest, for the period from 1 July to 31 December 2021, will become payable on 1 January 2022, prior to the Closing Date. The Company will pay the interest through issue of further Convertible Notes. It is envisaged that issue of the additional Convertible Notes in payment of interest will take place after the Closing Date.

10.10. Royalty Units

Over the period from December 2020 to May 2021 the Company raised approximately \$4.05m of funds through issue of Convertible Notes with an associated entitlement to Royalty Units. This capital raising initiative was focussed on strengthening of the Company's financial position in order to secure ASX approval for recommencement of trading of the Company's shares, trading of which had been suspended since December 2019 owing to late lodgement of the Company's 2019 Annual Report. In

order to attract investment it proved necessary to offer the Royalty Units in addition to Convertible Notes.

The terms of the Royalty Units on issue by the Company are:

- a) Each Royalty Unit is one unit in a fixed trust that has a total of 6 million units on issue and has an ongoing entitlement to 12% of the wellhead value of petroleum produced by the Company from specified Victorian petroleum exploration tenements (**Royalty Tenements**) held by the Company.
- b) 5 million Royalty Units have been allocated to third parties. Any Royalty Units not allocated to third parties are held by the Company.
- c) The trustee of the fixed trust has no discretion regarding distribution of royalty income. All royalty income earned by the fixed trust will be distributed equally to all Royalty Units in accordance with the trust deed that established the fixed trust.
- d) The Royalty Tenements, over which the fixed trust will derive royalty, are:
 - (i) Petroleum Retention Lease 2 (PRL 2), within which the Wombat and Trifon/Gangell gas fields are located. The Company holds 100% of PRL 2, with the exception of the Trifon field over which the Company holds 57.5% ownership;
 - (ii) Petroleum Exploration Permit 169 (PEP 169), within which the Otway-1 gas well will be drilled. The Company holds 49% of PEP 169; and
 - (iii) Petroleum Exploration Permits 167 and 175 (PEP 167 and PEP 175), which are 100% Company owned and are the basis of the Company's Portland Energy Project.
- e) The wellhead value for the purpose of calculation of royalties payable by the Company to the fixed trust, and thence to Royalty Unit holders, is the same value as used for calculation of royalties to the Victorian Government.
- f) No application will be made for Royalty Units to be quoted.
- g) There are no participating rights or entitlements inherent in the Royalty Units and the holders will not be entitled to participate in future issues or pro-rata issues of capital to Shareholders.
- h) Royalty Unit holders' royalty entitlement will be preserved in the event of any replacement or sale of any Royalty Tenement.

10.11. Estimated Costs of Offer

The total estimated costs to the Company in connection with the Offer, including advisory, legal, accounting, tax, listing and administrative fees, as well as printing, advertising and other expenses, are currently estimated to be approximately \$405,000 based on a raise of \$3,550,000 (ie Firm Placements plus Minimum Subscription) and \$534,000 based on a raise of \$5,488,810 (ie Firm Placements plus Full subscription) and are detailed as follows:

	Minimum	Maximum
\$'000		
Piper Alderman, legal costs	44	44
Investigating accountants' fees	28	28
Independent geologists report	17	17
Tenement reports	26	26
Prospectus design and printing	13	13
ASIC prospectus lodgement fee	4	4
Share registry fee	6	6
Capital raising fees	219	347
ASX listing fee	49	51
Total cash costs of the offer (GST inclusive)	405	534

The Company has agreed to pay a 6% commission to brokers, fund managers who have introduced investors for the purpose of the advance firm commitments (set out in Section 9.3.3) or who introduce or arrange applications pursuant to the Offers. The estimated total of these fees is included in the table above.

10.12. Privacy Act

If you complete an Application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry. You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the Application for New Shares, the Company may not be able to accept or process your Application.

10.13. Taxation Implications

The Directors do not consider that it is appropriate to give advice regarding the taxation consequences of applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Applicants. Applicants should consult their own professional tax adviser in connection with the taxation implications of the Offer.

10.14. ASIC and ASX Relief

Lakes (on its own behalf, and on behalf of its major Shareholder, NewPeak Metals Limited), has sought, and been granted, relief by ASIC from the application of the takeover provision of the Corporations Act to the extent that the Voluntary Escrows result in Lakes, and NewPeak Metals Limited having a relevant interest in the Shares the subject of the Voluntary Escrows.

10.15. Litigation and claims

So far as the Directors are aware, as at the Prospectus Date, other than disclosed herein there are no legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on the future financial results of the Company and the Directors are not aware of any such legal proceedings that are pending or threatened.

10.16. Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.17. Enquiries

Any queries regarding the Offer should be directed to Ms Elissa Hansen, Company Secretary, on +61 (0)411 764 556. You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

10.18. Directors' Authorisation and Consent

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 7 January 2022

A handwritten signature in black ink, appearing to be 'Richard Ash', written over a faint, illegible stamp.

Signed for and on behalf of Lakes Blue Energy NL
by Richard Ash
Chairman

11. GLOSSARY

Term	Meaning
AASB	Australian Accounting Standards Board
AEST	Australian Eastern Standard Time and includes Australian Eastern Daylight Savings time when applicable
Allotment Date	28 January 2022
Applicant	A person who submits an Application.
Application	An application for Shares under the Offers described in this Prospectus.
Application Form	Each of the paper and electronic application forms, or accompanying this Prospectus upon which an Application may be made.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited CAN 008 624 691, or where the context requires, the Australian Securities Exchange, which it operates.
ASX Listing Rules	The listing rules of the ASX
ASX Recommendations	The ASX Corporate Governance Principles and Recommendations (third edition).
ASX Settlement Operating Rules	the settlement rules of the securities clearing house which operates CHES
Board	the board of Directors.
Bonus New Share	a Share issued free of charge by the Company in accordance with this Prospectus
Business Day	a day that is not a Saturday, Sunday or a public holiday in Sydney, NSW
Chairman	the Chairman of the Company.
CHES	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Closing Date	the date on which the Offer closes, being 5:00pm (AEST time) on Closing Date set out in Section 2, or such other date and time determined by the Company.
Company or Lakes	Lakes Blue Energy NL ACN 004 247 214, or where the context requires, its subsidiaries
Completion of the Offer	Completion of the issue of Shares under this Prospectus.
Constitution	the constitution of the Company.
Convertible Note	the convertible notes outstanding at the Prospectus Date, the details of which are set out in Section 10.9.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of the Company.
Dollars or \$ or A\$ or AUD	the lawful currency of the Commonwealth of Australia.
EBIT	Earnings before net interest and taxation.
EBITDA	Earnings before net interest, depreciation, amortisation and taxation.
Eligible Note Holder	a Convertible Note holder on the Record Date whose registered address is in either Australia, New Zealand, Singapore, Jersey or Hong Kong
Eligible Security Holder	An Eligible Shareholder or an Eligible Note Holder

Term	Meaning
Eligible Shareholder	a Shareholder on the Record Date whose registered address is in either Australia, New Zealand, Singapore, Jersey or Hong Kong
Escrowed Shareholders	those Shareholders who hold Escrowed Shares.
Escrowed Shares	Shares that are subject to voluntary escrow restrictions, the details of which are set out in section 10.6.
Excluded Security Holder	a Shareholder or a Convertible Note holder who is not an Eligible Security Holder
Existing Shareholder	a person holding Shares as at the Prospectus Date.
Existing Shares	the Shares held by the Existing Shareholders as at the Prospectus Date.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exposure Period	the period commencing on the date of lodgement of this Prospectus with ASIC and ending seven days after lodgement, subject to any extension of the period by ASIC.
Financial Information	as defined in section 6
Firm Placements	Binding commitments for issue of Shares to certain sophisticated and professional investors, subject to ASX final approval for resumption of trading of the Company's Shares
Firm Subscriptions	commitments received by the Company from investors to subscribe for Shares, subject to Completion of the Offer and reinstatement of the Company's Shares to official quotation
Full Subscription	the subscription of 6,428,512,979 Shares at the Offer Price to raise \$5,142,810.38
FY or Financial Year	a year ended 30 June.
General Offer	The invitation under this Prospectus to the general public (including Shareholders and Convertible Note holders) to acquire New Shares.
Historical Financial Information	as defined in section 6.1.
IFRS	International Financial Reporting Standards.
Institutional Investor	A person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply) under any applicable law.
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for New Shares.
Investor	an investor participating in either or both Offers
Minimum Subscription	the subscription of 4,437,500,000 at the Offer Price, to raise \$3,550,000
New Shares	Shares to be issued by the Company pursuant to this Prospectus
Noteholder	a holder of Convertible Notes from time to time.
NPAT	Net profit after tax.
Offer	the offer under this Prospectus of New Shares for issue by the Company at the Offer Price.
Offer Period	the period commencing on the Opening Date and ending on the Closing Date.
Offer Price	\$0.0008 (0.08 cent) per New Share.

Term	Meaning
Opening Date	the date the Offer opens as set out in Section 2, or such other date determined by the Board.
PELA	Petroleum Exploration Licence Application
Prospectus	this prospectus issued by the Company for the purposes of Chapter 6D of the Corporations Act, under which Shares are offered for subscription.
Prospectus Date	the date of this Prospectus, being 7 January 2022
Share	a fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Limited
Shareholder	a holder of Shares from time to time.
Shortfall Shares	New Shares not subscribed for under the Offer by the Closing Date
Voluntary Escrows	See Section 10.6

Annexure A – Independent Geologist’s Report

FINAL

Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy Assets in Australasia

Lakes Blue Energy N L.



SRK Consulting (Australasia) Pty Ltd ■ LBE001 ■ December 2021

 **srk** consulting

FINAL

Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy Assets in Australasia

Prepared for:

Lakes Blue Energy N L.
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Melbourne, Victoria, 3000
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Quality
ISO 9001

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File Name:

LBE001_Lakes Blue Energy Assets IGR_Rev4.docx

Suggested Citation:

SRK Consulting (Australasia) Pty Ltd. 2021. Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy Assets in Australasia. FINAL. Prepared for Lakes Blue Energy N L.: Melbourne, Victoria. Project number: LBE001. Issued December 2021.

Cover Image(s):

Photo depicting a CO₂ plant courtesy of GLP

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SRK Consulting (Australasia) Pty Ltd ■ LBE001 ■ December 2021



13 December 2021

SRK Project No: LBE001

Lakes Blue Energy N.L.
Level 3, 480 Collins Street
Melbourne VIC 3000

Attention: Mr Tim O'Brien

Dear Mr O'Brien

Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy Assets in Australasia

At the request of Lakes Blue Energy N.L. (Lakes Blue Energy), SRK Consulting (Australasia) Pty Ltd (SRK) has reviewed the Australasian petroleum assets of Lakes Blue Energy (the Assets). SRK has prepared this Independent Geologist's Report (IGR or the Report) for inclusion in Lakes Blue Energy's Prospectus (the Prospectus) seeking readmission to the Australian Securities Exchange (ASX).

The Assets include petroleum exploration permits in Australia in Queensland, South Australia and Victoria:

- ATP 1183 in Queensland
- PRL 249, PELA 577, PELA 578, PELA 579, PELA 601, PELA 602 and PELA 631 in South Australia
- PEP 163, PEP 166, PEP 167, PEP 169, PEP 175, PRL 2, PRL 2T, VIC/P43 (V) and VIC/P44 (V) in Victoria.

In addition, Lakes Blue Energy holds interests in petroleum exploration assets in Papua New Guinea and the USA namely:

- PPL 560 and PPL 549 in Papua New Guinea
- Eagle Prospect in California, USA.

Collectively, these permits are known as the Petroleum Assets throughout this report. The objective of this Report is to:

- provide an overview of the geological setting of the Petroleum Assets
- present a geological description for each asset
- outline the recent exploration work undertaken on each asset
- comment on the exploration potential of the assets.

This Report has been prepared in accordance with the ASX Listing Rules, under which reporting in accordance with the guidelines of the PRMS Code (2018), JORC Code (2012) and VALMIN Code (2015) mineral reporting codes (as defined here within) is required. The Report was compiled by Mr Carl D'Silva, BAppSc (Applied Geology) Honours, MAAPG, MPESA. Mr D'Silva is a Principal Consultant with SRK and is experienced in assessing Petroleum Reserves and Resources estimates with over 15 years' relevant experience. Mr D'Silva has adhered to the ASX Listing Rules Guidance Note 32 and his qualifications and experience meet the requirements to act as a Competent Person to report Petroleum Reserves under PRMS (2018) and the Prospectus based on this information in the form and context in which it appears.

Information basis of this report

For the preparation of this Report, SRK's opinions are based on information provided to SRK by Lakes Blue Energy throughout the course of SRK's investigations as described in this Report, which in turn reflect various technical and economic conditions at the time of writing. SRK has taken such technical information as provided by Lakes Blue Energy in good faith. SRK has not independently verified historical Petroleum Resources estimates by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

As far as SRK has been able to ascertain, the information provided by Lakes Blue Energy is complete and not incorrect, misleading or irrelevant in any material aspect.

Legal matters

SRK notes that it is not qualified to make legal representations with regard to the ownership and legal standing of the Petroleum Assets that are the subject of this Report. SRK has not attempted to confirm the legal status of the tenements with respect to acquisition or joint venture (JV) agreements, native title, local heritage or potential environmental or land access restrictions. Instead, SRK has relied on information provided by Lakes Blue Energy. SRK has prepared this Report on the understanding that all the granted tenements of Lakes Blue Energy are currently in good standing or pending renewal and that there is no cause to doubt the eventual granting of any tenement applications.

Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK is qualified to provide such reports for the purposes of inclusion in public company documents. The Effective Date of the Report is 13 December 2021. SRK has no beneficial interest in the outcome of the technical assessment informing this Report being capable of affecting its independence.

Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement exclusive of expenses is estimated at A\$15,000. The payment of this professional fee is not contingent upon the outcome of the Prospectus.

Warranties and indemnities

Lakes Blue Energy has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Lakes Blue Energy was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

Consent

SRK has reviewed the Prospectus and consents to the publication of the reference to this Report in the form and context provided as part of the IGR and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Executive Summary and in the individual sections of this Report be considered with, and not independently of, the information set out in the complete report and the Cover Letter.

SRK confirms that to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the report is in accordance with the facts and does not omit anything likely to affect the import of such information.

SRK confirms that nothing has come to its attention to indicate any material change to what is stated in the report.

Yours faithfully

For and on behalf of **SRK Consulting (Australasia) Pty Ltd**

SRK Consulting - Certified Electronic Signature

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Carl D'Silva, *BAppSc (Applied Geology), MAAPG, MPESA, MAusIMM*
Principal Consultant (Energy Resources)

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Appendices

- Appendix A Petroleum Resources Management System
- Appendix B Victorian petroleum wells details (PRL 2 and PRL 3)

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

Abbreviation	Meaning
1P	Proved
2P	Proved and Probable
3P	The sum of Proved, Probable and Possible Reserves
2D	two-dimensional
A\$	Australian dollars
API	American Petroleum Institute
ASX	Australian Securities Exchange
ATP	Authority to Prospect as issued by the State of Queensland <i>Petroleum and Gas (Production and Safety) Act 2004</i>
Bscf	billions of standard cubic feet
BOPD	barrels of oil per day
cc/g	cubic centimetres per gram
CO ₂	carbon dioxide
COS	Chance of Success (geological)
DNRME	Department of Natural Resources Mines and Energy (Queensland)
EUR	estimated ultimate recovery
GIIP	gas initially in place
GJ	gigajoules
GWC	gas water contact
IGR	Independent Geologist's Report
JORC Code	Australasian Code for Reporting of Exploration Reports, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012
km	kilometre
km ²	square kilometre
kPa	kilopascal
Lakes Blue Energy N.L.	Formerly known as Lakes Oil N.L. and controlled entities including NavGas Pty Ltd, Rawson Resources Pty Ltd, Poolowanna Petroleum, Petro Tech Pty Ltd, Otway Energy Pty Ltd, Mirboo Ridge Pty Ltd and Mingoola Gold Pty Ltd
LNG	liquified natural gas
LPG	liquid petroleum gas
M	thousand
MM	million
m	metre

Abbreviation	Meaning
Mscf/d	thousands of cubic feet per day
mD	millidarcies
MD	measured depth
MMbbl	million barrels
MMboe	Million Barrels of Oil Equivalent
MMcf	millions of cubic feet
MMscf/d	millions of cubic feet per day
mSS	metres sub sea
mTVDSS	metres True Vertical Depth sub sea
Mstb	thousand stock tank barrels
OOIP	Original oil in-place
PEP	Petroleum Exploration Permit as granted under the <i>Petroleum Act 1998</i> in the State of Victoria
PRL	Petroleum Retention Lease as granted under the <i>Petroleum Act 1998</i> in the State of Victoria
PRMS	Petroleum Resources Management System (PRMS, 2018) issued by Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts and European Association of Geologists and Engineers
PJ	petajoule
PL	Petroleum Lease as issued by the State of Queensland's <i>Petroleum and Gas (Production and Safety) Act 2004</i>
psi/ft	pounds per square inch per foot
QLD	Queensland
RTSM	rate too small to measure
SPE	Society of Petroleum Engineers
SRK	SRK Consulting (Australasia) Pty Ltd
STOIP	stock tank oil in-place
Tcf	trillions of standard cubic feet
TD	total depth
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015
WPC	World Petroleum Council

Executive Summary

Mr Tim O'Brien of Lakes Blue Energy N L. (Lakes Blue Energy) has requested SRK Consulting Australasia Pty Ltd (SRK) prepare an Independent Geologist's Report (IGR) incorporating a technical assessment of its exploration licences in Australia in Queensland, South Australia, and Victoria and other assets (Papua New Guinea and USA).

Lakes Blue Energy holds a 100% interest in Authority to Prospect (ATP) 1183, on the Roma Shelf in the Surat Basin, Queensland. ATP 1183 has several identified prospects and leads for both oil (Emu Apple, Bendee) and gas (Wellesley, Major East) which will be drill-ready once the permit is renewed. SRK undertook an independent assessment of ATP 1183 in October 2016 with the Wellesley structure estimated to contain 41 Bscf of gas (2U) and/or containing oil with the Emu Apple North structure having 3.4 MMbbl (2U) of Prospective Resources.

In South Australia, Lakes Blue Energy holds a 50% interest in Petroleum Retention Licence (PRL) 249 which hosts the Nangwarry CO₂ discovery with its joint venture partner, Vintage Energy Pty Ltd (Vintage Energy). Lakes Blue Energy is currently investigating potential development opportunities to produce CO₂ for industrial, medical and food use. Recent independent estimation for PRL 249 was prepared by ERC Equipose Pte. Ltd. as of 30 June 2021. The net estimate, of Lakes Blue Energy's working interest, of on-block recoverable CO₂ gas is 12.9 Bscf.

Papua New Guinea (PNG) offers Lakes Blue Energy with a number of exploration opportunities and geographic diversity with large prospective resources associated with its mapped prospects and lead inventory. Lakes Blue Energy intends to drill the Buna-1 well which has been independently assessed by Fekete Associates Inc. as containing approximately of 3.3 Trillion cubic feet (Tcf) of gas (2U).

Lakes Blue Energy has a number of onshore Victoria permits with independent assessment of both Contingent and Prospective Resources undertaken by Gaffney, Cline and Associates in 2009, 2010 and 2011. Both the Gippsland and Otway Basin permits require further appraisal work but were waiting an onshore conventional petroleum regulatory framework to be established. The Victorian Government's moratorium on onshore conventional petroleum was lifted on 30 June 2021 and a new onshore conventional petroleum regulatory framework was released on 22 November 2021. Lakes Blue Energy is now able to seek approvals to undertake exploration activities in the onshore Otway and Gippsland basins.

Lakes Blue Energy ascribes no value to its interest in the Eagle Prospect and is looking to dispose of the asset.

It is SRK's opinion that the Prospective and Contingent Resources summarised in this report (Table ES-1) are reasonable and have been prepared in accordance with the definitions and guidelines contained within the Petroleum Resources Management System (PRMS) and generally accepted petroleum engineering and evaluation principles as set out in the SPE Reserves Auditing Standards.

Table ES-1: Summary of Lakes Blue Energy's Prospective and Contingent Resources

Location	Licence	Interest (%)	Prospect	Petroleum fluid/ Units	Resource type	Low Estimate	Best Estimate	High Estimate	COS
Surat	ATP 1183 ¹	100.0	Wellesley	Gas (Bcf)	Prospective	22.1	41.0	76.0	0.20
			Bendee	Oil (MMbbl)	Prospective	0.5	1.0	2.1	0.30
			Major East	Gas (Bcf)	Prospective	7.0	13.8	26.5	0.20
			Emu Apple	Oil (MMbbl)	Prospective	1.8	3.4	6.8	0.20
Otway	PRL 249 ²	50.0	Nangwarry	Gas (Bcf)	Contingent	4.5	12.9	32.2	
Otway	PEP 175 ¹	100.0	Portland	Gas (Bcf)	Prospective	3,943	11,469	25,477	0.15
Gippsland	PRL 2 ³	100.0	Wombat field	Gas (Bcf)	Contingent	258.0	329.0	628.0	
Gippsland	PRL 2 ³ (Trifon)	57.5	Trifon	Gas (Bcf)	Contingent	126	390	526	
Gippsland	PRL 2 ³	100.0	Baragwanath	Gas (Bcf)	Prospective	156	701	2,523	0.45
Gippsland	PEP 166 ⁴	75.0		Gas (Bcf)	GIIP	329	1704	26258	<0.05
Cape Vogel Basin, PNG	PPL 560 ⁵	100.0	Buna	Gas (Bcf)	Prospective	1848	3316	5532	<0.05
			West Buna	Gas (Bcf)	Prospective	105	208	371	<0.05
			Kumasi North	Gas (Bcf)	Prospective	143	274	489	<0.05
			Kumasi South	Gas (Bcf)	Prospective	91	193	363	<0.05
North New Guinea Basin, PNG	PPL 549 ⁵	100.0	Matapau	Oil (MMbbl)	Prospective	1	4.4	20	0.05

Sources: Various sources as listed below

Notes: COS = Chance of Success

¹ Prospective Resource Estimate, SRK Consulting 2016

² Contingent Resource Estimation, ERCE Equipoise Pte. Ltd 2021 – ASX Announcement 12 July 2021

³ Gaffney, Cline and Associates 2009, 2010, 2011

⁴ Lakes Blue Energy Internal Estimate

⁵ Prospective Resources, Fekete Associates 2010

1 Introduction

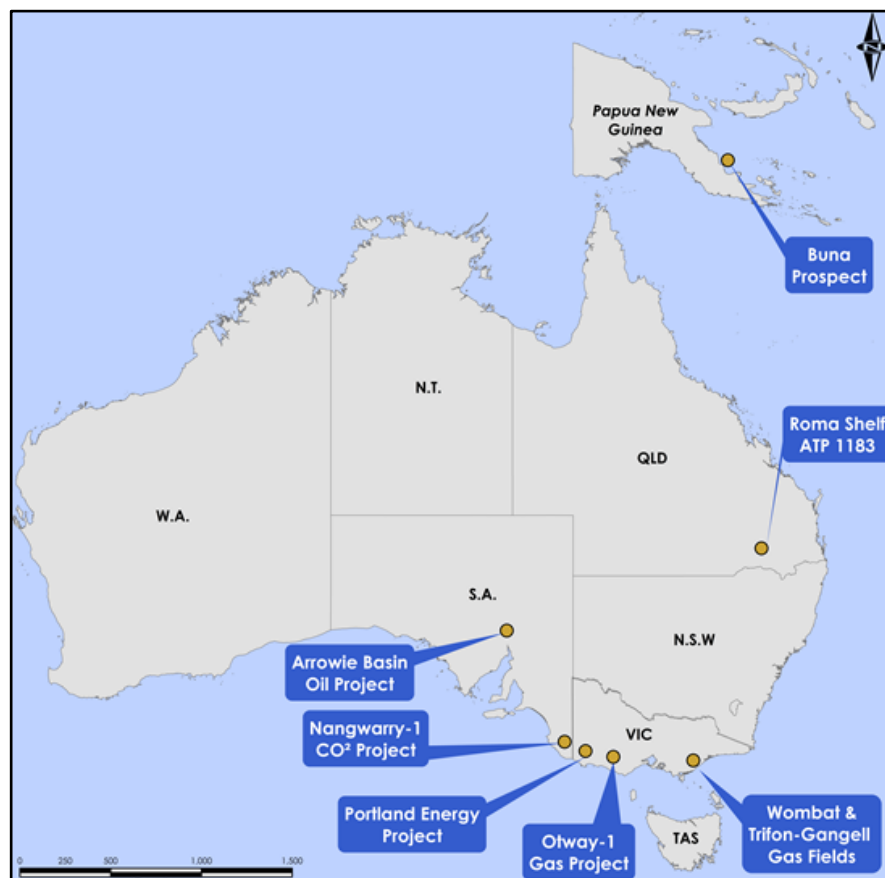
Mr Tim O'Brien of Lakes Blue Energy has requested SRK to prepare an IGR incorporating a technical assessment of its exploration licences in Australia in Queensland, South Australia, and Victoria (Figure 1-1) and other assets in Papua New Guinea (PNG) and the United States of America (USA).

Some of these assets were acquired by Lakes Blue Energy through an off-market takeover of Rawson Energy Limited in 2018.

Since October 2019, trading in Lakes Blue Energy shares has been suspended by the Australian Securities Exchange (ASX) as it could not demonstrate to the auditor that it had unconditional access to funds to meet its ongoing cash requirements.

Lakes Blue Energy has since raised more than A\$8.9 MM to fund its operational activities and is currently seeking reinstatement of its securities on the ASX to continue its exploration activities in Australasia. Lakes Blue Energy ascribes no value to its interest in the Californian tenement and is seeking to dispose of it.

Figure 1-1: Location of Lakes Blue Energy assets in Australia and PNG



Source: Lakes Blue Energy

1.1 Lakes Blue Energy permit summary in Australia

A summary of the exploration licences and the ownership status is presented in (Table 1-1).

Table 1-1: Lakes Blue Energy permit summary in Australia

Permit name	State	Basin name	Grant date	Expiry date	Interest %
ATP 1183 ¹	Qld	Surat	12/06/2014	30/06/2020	100
PEP 163	Vic	Otway	19/07/2002	30/06/2026	100
PEP 167	Vic	Otway	02/07/2002	30/06/2026	100
PEP 169	Vic	Otway	25/06/2007	30/06/2026	49
PEP 175	Vic	Otway	18/04/2013	30/06/2026	100
PRL 2	Vic	Gippsland	27/02/2007	30/06/2026	100
PRL 2 (Trifon)	Vic	Gippsland	27/02/2007	30/06/2026	57.5
PEP 166	Vic	Gippsland	03/01/2003	30/06/2026	75
VIC/P43(V)	Vic	Gippsland	13/10/2014	12/10/2026	100
VIC/P44(V)	Vic	Gippsland	13/10/2014	12/10/2026	100
PRL 249	SA	Otway	04/05/2021	03/05/2026	50
<i>PELA 577*</i>	SA	Pirie Torrens			100
<i>PELA 578*</i>	SA	Pirie Torrens			100
<i>PELA 579*</i>	SA	Pirie Torrens			100
<i>PELA 601*</i>	SA	Pirie Torrens			100
<i>PELA 602*</i>	SA	Pirie Torrens			100
<i>PELA 631*</i>	SA	Pirie Torrens			100
EL 6606 ²	SA	Pirie Torrens	26/11/2015	25/11/2022	100

Source: SRK

Note: ¹ Title pending renewal

² Not a petroleum lease. EL 6606 is an exploration licence for base and precious metals.

* Permits not granted, in application phase only, remain subject to government approvals.

1.1.1 Queensland

Lakes Blue Energy holds a 100% interest in ATP 1183, which is on the Roma Shelf within the Surat Basin in Queensland. ATP 1183 includes several identified prospects and leads for both oil (Emu Apple, Bendee) and gas (Wellesley, Major East).

ATP 1183 expired on 30 June 2020 and is pending renewal. Lakes Blue Energy submitted a renewal application on 27 May 2020 with the Queensland Department of Natural Resources, Mines and Energy (DNRME) for an extension of 6 years. Lakes Blue Energy has provided the DNRME with additional information to support the renewal application relating to financial capability and the company's ability to meet its work program requirements in ATP 1183.

1.1.2 Victoria

Lakes Blue Energy's Victorian permits are in the Gippsland and Otway basins, both of which are considered to have potential for production of oil and gas accumulations. Lakes Blue Energy holds interests in the following Victorian permits: Petroleum Exploration Permits (PEP) 163, PEP 166, PEP 167, PEP 169, PEP 175, PRL 2, PRL 2 (Trifon), VIC/P43 (V) and VIC/P44 (V).

Since 2012, exploration and development activity in Victoria for onshore gas (both Gippsland and Otway basins) was on hold because of decisions by the Victorian Government prohibiting onshore gas exploration within the State. The exploration moratorium was lifted on 30 June 2021 and a new onshore conventional petroleum regulatory framework was released on 22 November 2021.

1.1.3 South Australia

Lakes Blue Energy holds PRL 249 in a 50:50 joint venture with Vintage Energy Pty Ltd (Vintage Energy).

Lakes Blue Energy also has six Petroleum Exploration Licence Applications (PELA) in South Australia, namely PELA 577, PELA 578, PELA 579, PELA 601, PELA 602, and PELA 631. EL 6606 is an overlapping mineral exploration tenure across these application areas.

1.2 Other permits

Lakes Blue Energy also holds interests in two exploration permits in Papua New Guinea and one permit in California, USA.

Limited data has been supplied in relation to these permits. The permit details are summarised in Table 1-2.

Table 1-2: Lakes Blue Energy PNG and USA permit summary

Permit name	Location	Basin	Grant date	Expiry date	Interest (%)
PPL 549	PNG	North New Guinea	27/05/2016	26/05/2022	100
PPL 560	PNG	Cape Vogel	30/11/2016	1/12/2025	100
APPL 550*	PNG				100
APPL 594*	PNG				100
APPL 633*	PNG				100
Eagle Prospect	California	San Joaquin	01/07/2015	30/06/2022	17.97

Source: Lakes Blue Energy

Note: *Tenements in application phase only, remain subject to government approvals.

2 Lakes Blue Energy projects in Australia

2.1 Surat Basin, Queensland

2.1.1 Project background

In 2014, NavGas Pty Ltd (NavGas) was successful in tendering for ATP 1183 on the Roma Shelf, Queensland, which is considered prospective for oil, gas and condensate targets. The exploration tenement surrounds the Riverslea oilfield and the Major gas/condensate fields.

Lakes Blue Energy gained 100% ownership of NavGas in 2017. The location of ATP 1183 is shown in Figure 2-1. There is existing gas infrastructure in the Major field with processing facilities available at Kincora and Silver Springs facilities.

Table 2-1: ATP 1183 permit summary, Surat Basin, Queensland

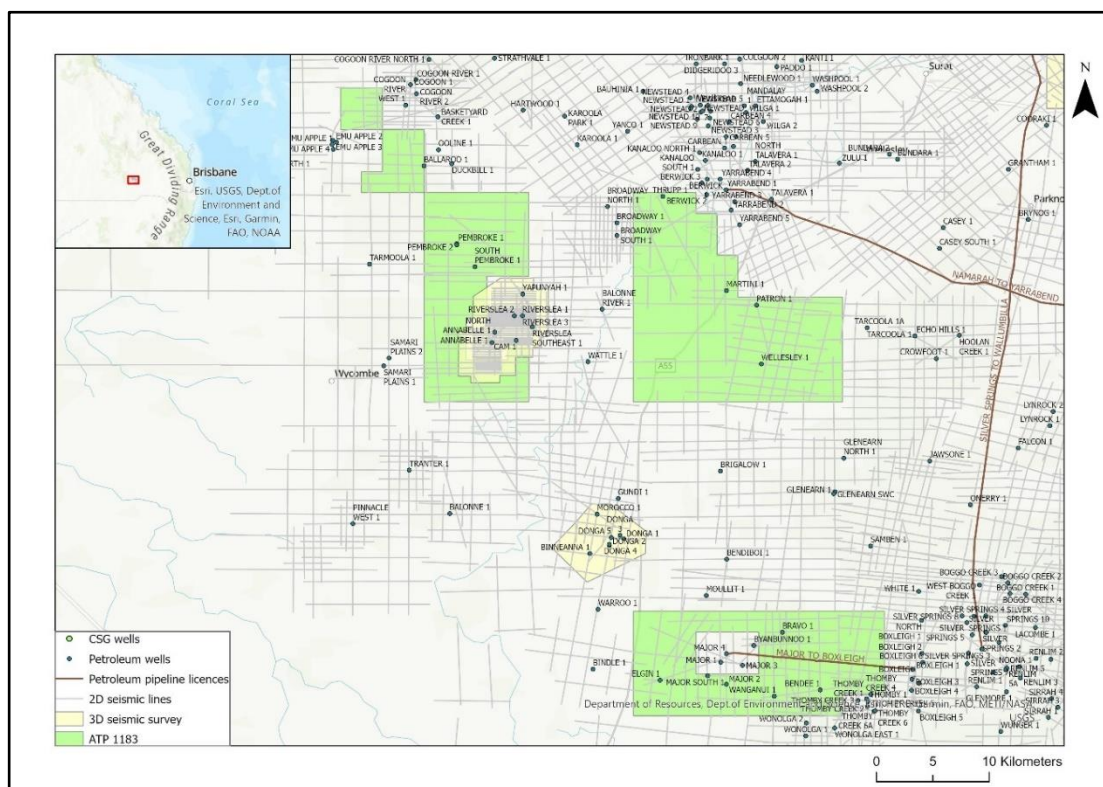
Permit	Permit Holder	Approved date	Expiry date	Renewal submitted	Area km ²
ATP 1183	NavGas Pty Ltd ¹	12/06/2014	30/06/2020	27/05/2020 ²	532.7

Source: SRK

Note: ¹ Lakes Blue Energy gained 100% ownership of NavGas in 2017

² Renewal is under review by the Petroleum Assessment Hub, DNRME

Figure 2-1: Map of ATP 1183, Queensland



Source: SRK and Queensland Globe

2.1.2 Geological setting

ATP 1183 is in the Roma Shelf of the Surat Basin, Queensland. The Surat Basin is a broad intra-cratonic down-warp that covers an area of about 300,000 km² in south-eastern Queensland and north-eastern New South Wales.

The general stratigraphy of the Surat Basin with hydrocarbon occurrences is presented in Figure 2-2. The petroleum system of the Roma Shelf within the Surat Basin consists of basement rocks comprising Devonian Timbury Hills Formation metasediments and/or Permian-Carboniferous Roma Granite and the associated eruptive phase known informally as the 'Kuttung Volcanics'. The granites formed a low range of paleo-hills, with subdued rolling slopes falling away to the east and rounded broad interfluvies, with more resistant rims forming semi-circular hills. To the west lies higher ground, where metasediments formed a range of rapidly eroding steep hills with incised channels.

The principal reservoir unit within ATP 1183 is the Boxvale Sandstone Member which is part of the Lower Jurassic-age Evergreen Formation, Middle Jurassic-age Hutton Sandstone and the Triassic-age Showgrounds Sandstone. The Moolayember Formation forms intraformational reservoirs and are thought to have local distribution within an otherwise tight formation.

The Middle Triassic-age Snake Creek Mudstone Member forms a regional seal within the eastern half of the permit. This seal is absent in the western part, allowing hydrocarbons to spill out and migrate upwards through the section into Evergreen Formation reservoirs (Figure 2-3).

Permian source rocks including Bandanna Formation coals occur at depth to the east of the permit.

Most prospectivity within ATP 1183 is for conventional oil or condensate targets, although tight gas accumulations remain a possibility. The entire area from Major field to Boxleigh fields is interpreted to be a pool of condensate, which will have filled all available traps. The area northwest of the Snake Creek Mudstone seal pinch-out is interpreted to be prospective for oil moving up-section into Evergreen Formation reservoirs.

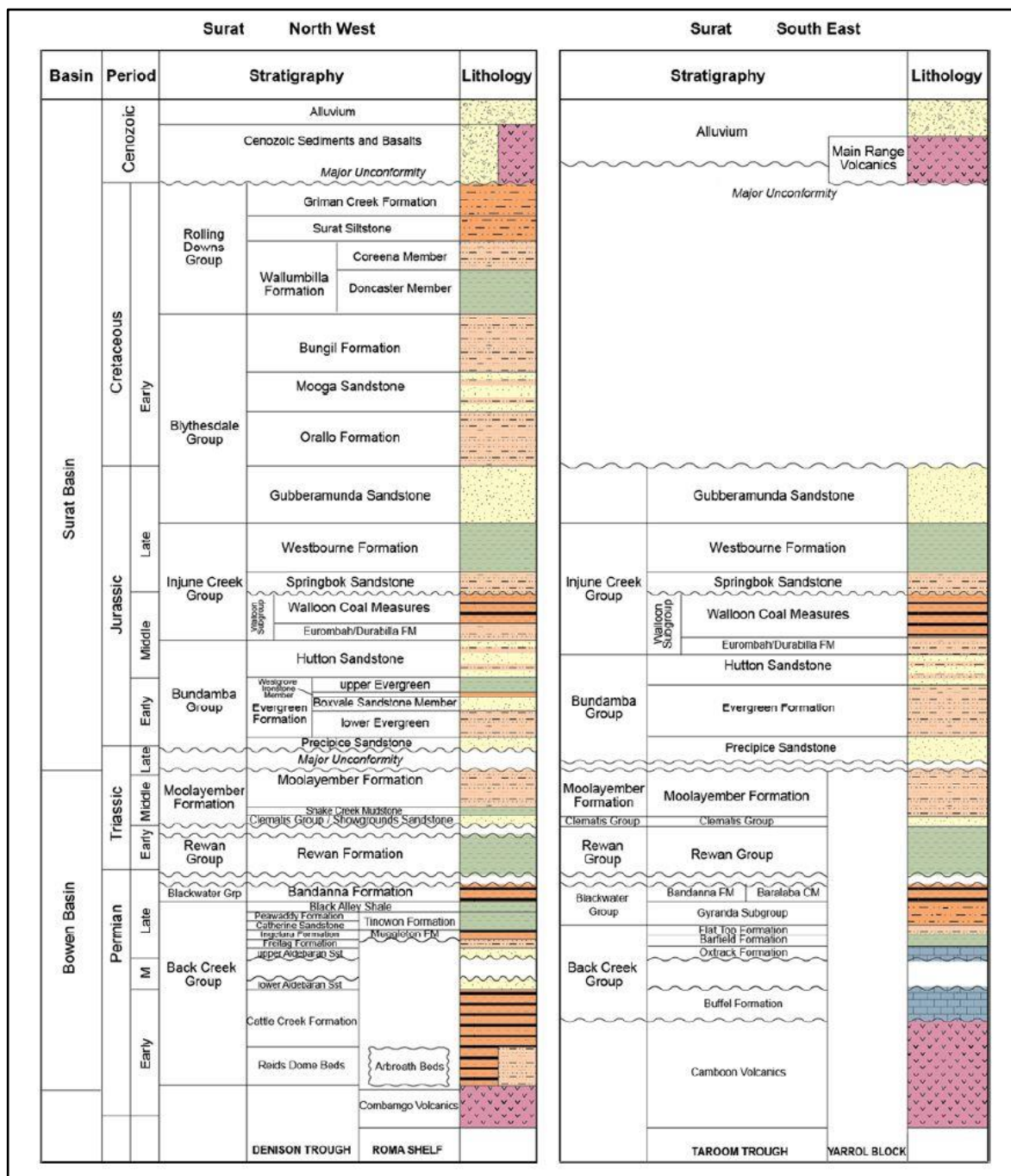
In Wagoo-1, the total organic contents (TOC) reach 2.85% within the Moolayember Formation, in dark grey, brown to black shale cuttings. TOC values of samples taken 20 m above and 20 m below this sample were 1.45% and 0.68% respectively. Descriptions from within the permit area suggest organic contents are lower, and formation is generally soft, and the gas response muted. There are no indications of unconventional gas prospectivity, and although gassy Permian coals and shales are a theoretical possibility, only a tiny area is likely to occur at depth within the permit.

Significant coal seams occur in the Middle Jurassic age Walloon Coal Measures (Walloon) and Late Permian Bandanna Formation. However, the Bandanna Formation coals within the block are not significantly gassy on logs, the Walloon coals are only sporadically gassy, and all coals are beyond current economic depths. SRK considers that the coal seam gas (CSG) potential within ATP 1183 to be low.

2.1.3 Petroleum wells within ATP 1183

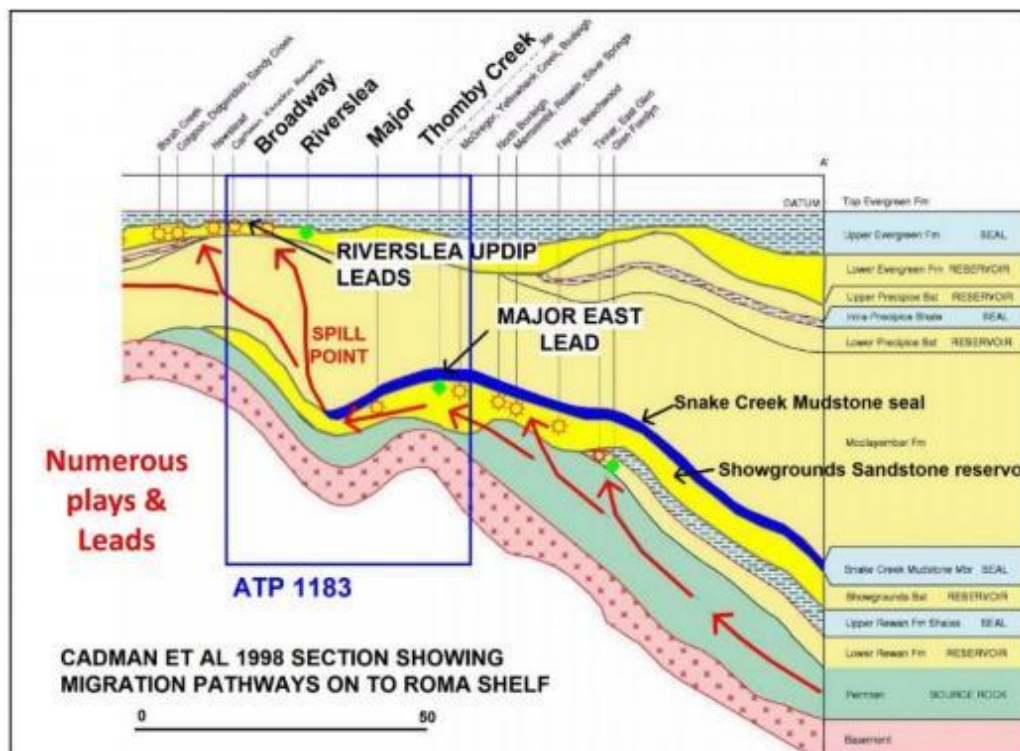
A summary of the petroleum wells drilled within ATP 1183 is provided in Table 2-2.

Figure 2-2: General stratigraphy of the Surat Basin



Source: DNRME Queensland, Office of Groundwater Impact Assessment (Underground Water Impact Report for the Surat CMA, July 2019)

Figure 2-3: Play concept within the Roma Shelf, Queensland



Source: NavGas, 2015

Table 2-2: Summary details of petroleum wells drilled within ATP 1183

Well name	Well type	Status	Rig released date	Total depth (m)
Ballaroo-1	Development well	Water bore	01/09/1982	1,554.5
Bendee-1	Exploration well	Suspended/capped/ shut-in	09/07/1981	1,832.0
Bravo-1	Exploration well	Plugged and abandoned	23/01/1994	1,807.7
Cam-1	Development well	Water bore	05/10/1984	1,599.6
Elgin-1	Exploration well	Plugged and abandoned	02/08/1965	1,659.6
Major-2	Development well	Water bore	24/06/1965	1,702.3
Major South-1	Development well	Water bore	23/08/1993	1,701.4
Martini-1	Development well	Water bore	27/11/1991	1,681.3
Patron-1	Development well	Water bore	01/05/1999	1,628.0
Pembroke-1	Development well	Water bore	16/04/1983	1,523.4
Pembroke-2	Exploration well	Plugged and abandoned	23/12/2000	1,518.6
South Pembroke-1	Development well	Water bore	23/06/1986	1,518.2
Thomby Creek-4	Appraisal well	Plugged and abandoned	02/03/1981	1,902.0
Thrupp-1	Development well	Water bore	18/07/1986	1,556.0
Wanganui-1	Exploration well	Plugged and abandoned	14/07/1965	1,716.3
Wellesley-1	Development well	Water bore	08/08/1979	1,635.0

Source: compiled by SRK from various sources

2.1.4 Lakes Blue Energy work program commitments

No wells have been drilled in the first term of ATP 1183 or since Lakes Blue Energy's acquisition of the permit from NavGas in 2017.

During 2020, an airborne electro-magnetic survey was flown across the entire permit and iodine geochemical surveys conducted across several identified prospects. The results of the surveys are currently being analysed and correlated with historical information to upgrade geological mapping and further delineate prospectivity.

Lakes Blue Energy applied for a renewal application in ATP 1183 on 27 May 2020 with a minimum work commitment of two wells. Lakes Blue Energy plans to drill one well in Year-2 and one well in Year-4.

A two-well work commitment should adequately test the prospects and leads within ATP 1183. Lakes Blue Energy will, however, need to satisfy Queensland DNRME with its work program commitment and expenditure to ensure the renewal of ATP 1183.

2.1.5 Drilling targets identified in ATP 1183

Four exploration drilling targets have been identified by Lakes Blue Energy in ATP 1183.

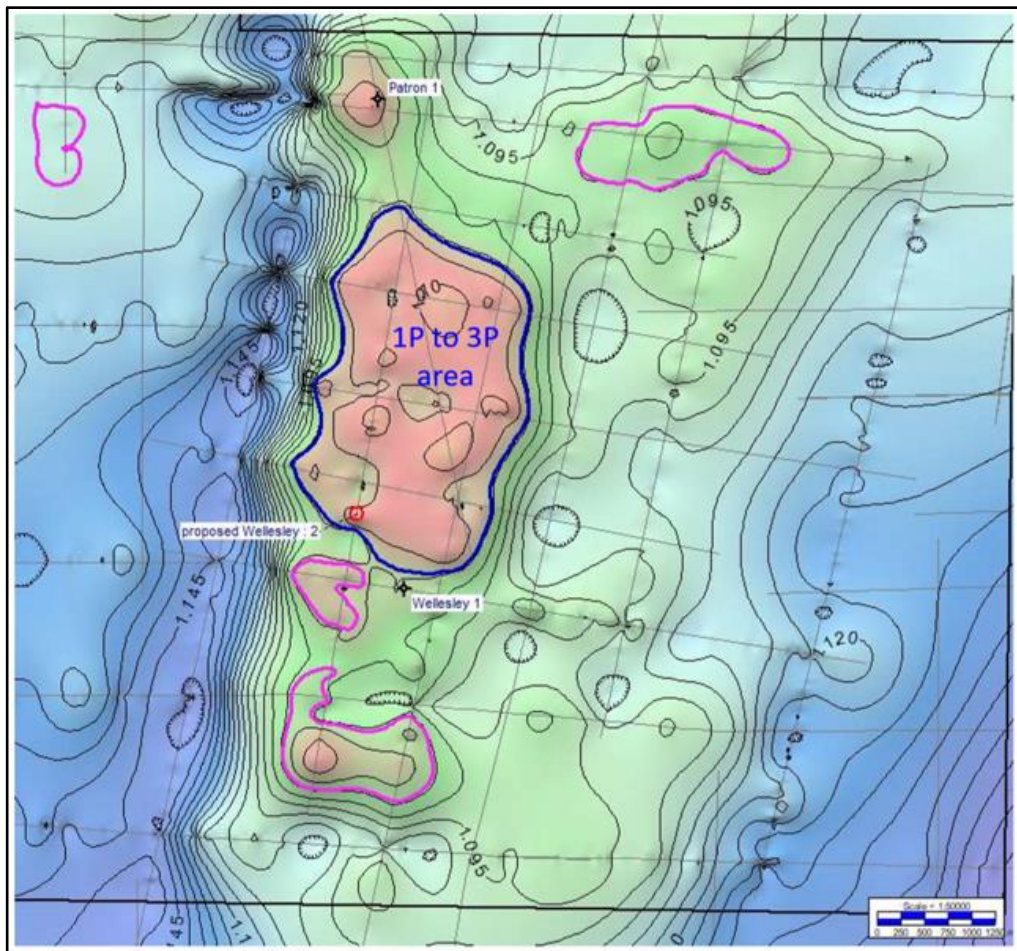
- Wellesley Dome Prospect – gas
- Emu Apple North Prospect – oil/condensate
- Bendee Prospect – oil/condensate
- Major East Lead – gas.

Wellesley Dome Prospect

The Wellesley Dome Prospect is a fault-bound, three-way dip closure approximately 4.4 km² in area, lying on the Kincora-Yarrabend-Wellesley High to the south of the productive Kincora gas field.

The proposed well – Wellesley-2 – will be drilled to a depth of around 1,600 m. The proposed well is in the northeast portion of ATP 1183. Wellesley-1 was drilled by BHP in 1979 and intersected greater than 20 m of thick and clean Boxvale Sandstone within the Evergreen Formation. Although the well had fair gas shows and good porosity it was not considered commercial at the time. The Wellesley Dome structure has a Prospective Gas resource estimate of 41 Bcf (2U).

Figure 2-4: ATP 1183 – Proposed Wellesley-2 exploration well on Top Boxvale (TWT)



Source: Lakes Blue Energy, 2021

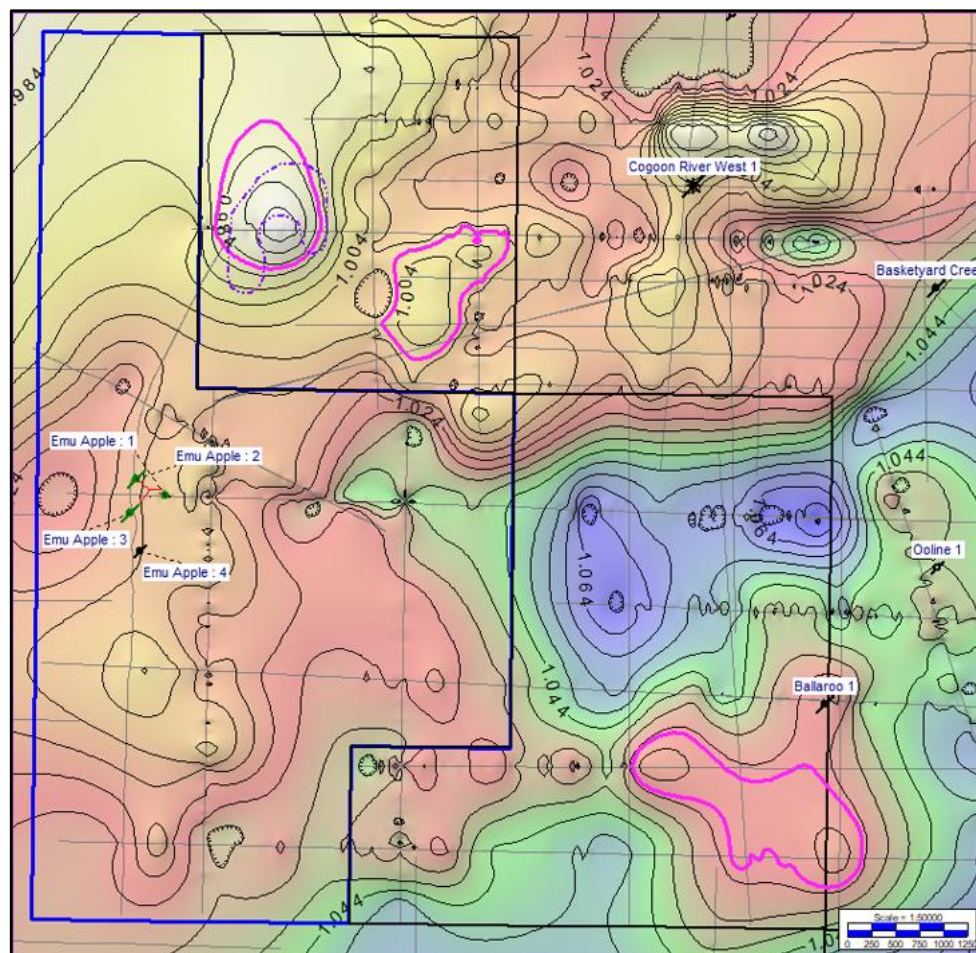
Emu Apple North Prospect

The Emu Apple North Prospect comprises the northern extension of the existing Emu Apple oilfield, which was recently brought back into commercial production by Armour Energy Limited (Armour). The prospect is a broad, low relief, anticlinal structure separated by a small saddle from the main Emu Apple field. The Emu Apple area has been charged with hydrocarbons from Late Permian source rocks to the southeast.

The Hutton Sandstone and Boxvale Sandstone, both of which are productive in the Emu Apple-3 well are the main reservoir targets. The reservoir units will be intersected at between approximately 1,350 m and 1,430 m. The proposed well location for Emu Apple North-1 is readily accessible by existing road infrastructure and is close to Armour's Emu Apple production facilities. The proposed well is in the northwest portion of ATP 1183.

The Emu Apple North prospect covers an area of approximately 382 acres and is estimated to hold up to 3.4 million barrels (MMbbl) of oil (2U).

Figure 2-5: ATP 1183 – proposed Emu Apple North-1 exploration well



Source: Lakes Blue Energy, 2021

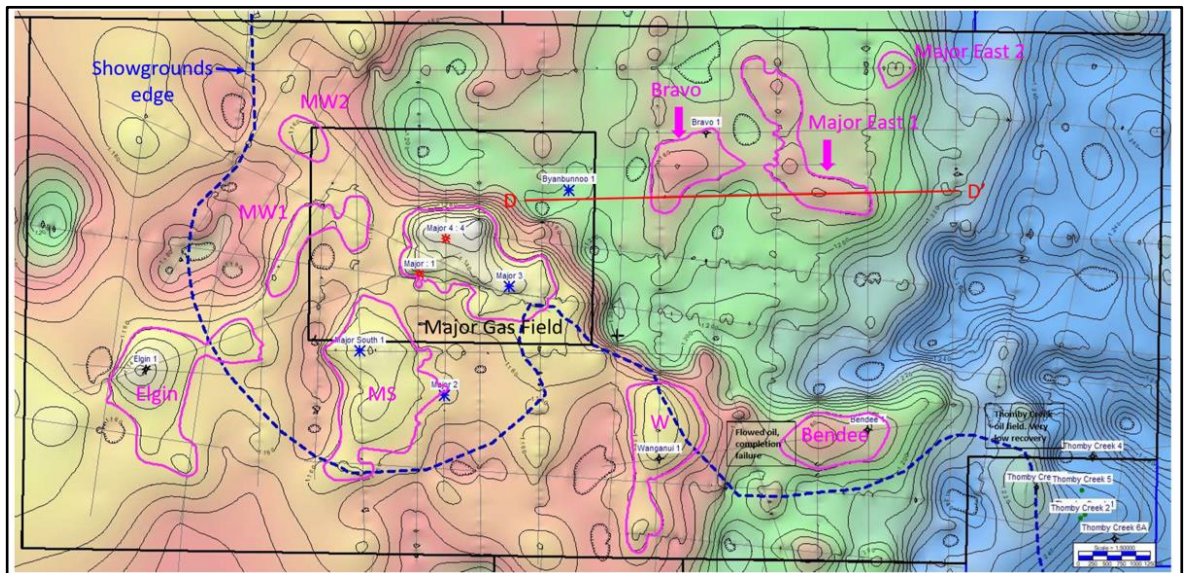
Bendee Prospect

The Bendee Prospect is a four-way dip closure located just to the west of the producing Thomby Creek oil field. Bendee-1 well flowed oil and water to surface, demonstrating that the structure contains oil. However, Lakes Blue Energy has interpreted that the Bendee-1 well was drilled on the edge of closure, at the level of the oil/water contact.

Lakes Blue Energy considers that significant up-dip potential exists. The proposed well location for Bendee-2 is to the southwest of Bendee-1. The proposed well is in the southeast portion of ATP 1183.

The Bendee Prospect covers an area of approximately 2 km² and could contain approximately 1.0 MMbbl of oil (2U).

Figure 2-6: ATP 1183 – proposed Bendee-2 exploration well



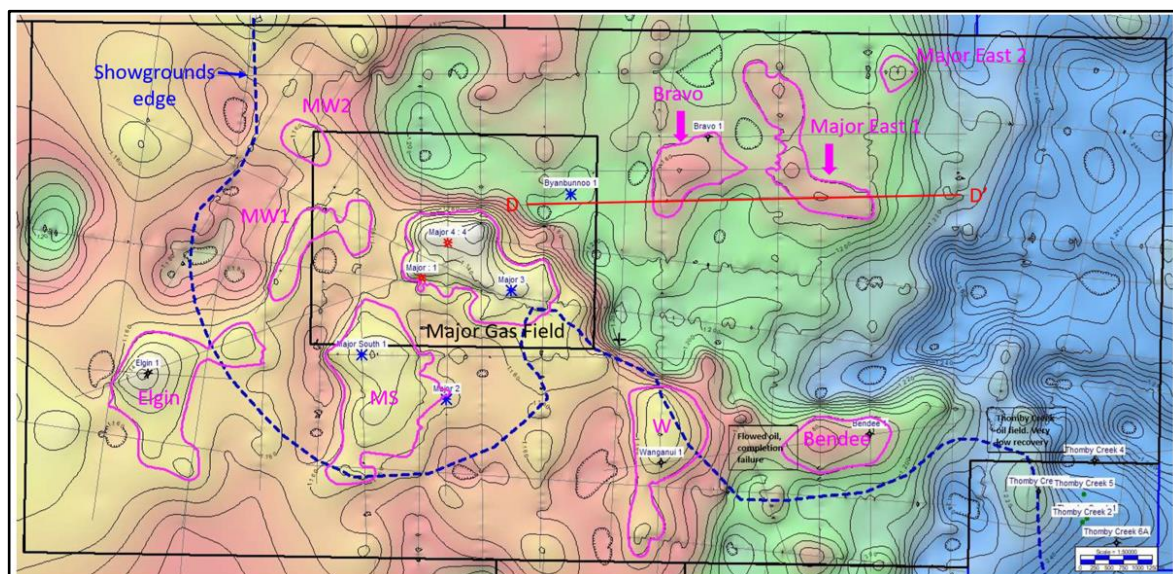
Source: Lakes Blue Energy, 2021

Major East Lead

The Major East Lead is four-way dip closure approximately 5 km² in area, to the east of the producing Major gas field. The Major East Lead has a prospective gas resource of 13.8 Bcf (2U).

The proposed well location for Major East-1 is to the southeast of Bravo-1 and to the north of Bendee-1. The proposed well is in the southeast portion of ATP 1183.

Figure 2-7 ATP 1183 – proposed Major East-1 exploration well



Source: Lakes Blue Energy, 2021

2.1.6 Summary of Prospective Resources within ATP 1183

Lakes Blue Energy has mapped several exploration prospects and leads that have been identified within ATP 1183.

Independent estimates of Prospective Resource targets within ATP 1183 were undertaken by SRK incorporating the technical assessment and petroleum valuation of the NavGas and Lakes Oil assets in 2016.

A summary of the Prospective Resources targets in ATP 1183 are summarised in Table 2-3 below.

Table 2-3: Summary of Prospective Resource targets in ATP 1183

Licence	Prospect/ Lead	Petroleum fluid/ Units	Resource type	Low Estimate	Best Estimate	High Estimate	COS
ATP 1183	Wellesley	Gas (Bcf)	Prospective	22.1	41.0	76.0	0.20
	Bendee	Oil (MMbbl)	Prospective	0.5	1.0	2.1	0.30
	Major East	Gas (Bcf)	Prospective	7.0	13.8	26.5	0.20
	Emu Apple	Oil (MMbbl)	Prospective	1.8	3.4	6.8	0.20

Source: SRK

2.2 Gippsland Basin, Victoria

2.2.1 Onshore Victoria drilling moratorium

In August 2012, the Victorian Government introduced a moratorium on the grant of any new exploration licences for CSG granted under the *Mineral Resources (Sustainable Development) Act 1990*. In addition, the Victorian Government also placed a hold on approvals to undertake hydraulic fracturing (fracking) as part of onshore gas exploration, and a ban on the use of BTEX chemicals (benzene, toluene, ethylbenzene and xylene), which was subsequently legislated in 2014. In 2013, the moratorium was extended to cover all new onshore gas exploration licences while water science and community engagement programs were underway. In 2014, the then Energy Resources Minister announced that the moratorium would now include exploration drilling.

The parts of Victoria with the highest potential for unconventional gas are the Gippsland and Otway basins. Notably, gas and liquids, in Lakes Blue Energy's PRL 2, has been produced on test from vertical wells with, and without, fracture stimulation from low permeability sands near Seaspray in Gippsland; however, no further work could be carried out to prove commerciality due to the fracking moratorium.

On 30 August 2016, the Victorian Government announced a permanent ban on the exploration and development of all onshore unconventional gas in Victoria. This includes hydraulic fracturing, coal seam gas, and additionally there was an extension of the ban on conventional gas exploration until 30 June 2021. Exploration activity was not possible owing to delays in promulgation of a new facilitating regulatory framework by the Victorian Government. The new framework was released on 22 November 2021.

Applications for approval to carry out exploration can now be submitted as the framework is in place.

The political risk associated with the current Victorian onshore conventional and unconventional gas exploration, drilling and fracture stimulation is simply unknown and has not been assessed in this Report.

2.2.2 Project background

Lakes Blue Energy holds significant onshore PEPs and PRLs in the Gippsland and Otway basins of Victoria (Table 2-4 and Figure 2-8). The Gippsland and Otway basins contain potential for both conventional and unconventional hydrocarbons that could be of high value, however the resources have not been fully assessed for commerciality.

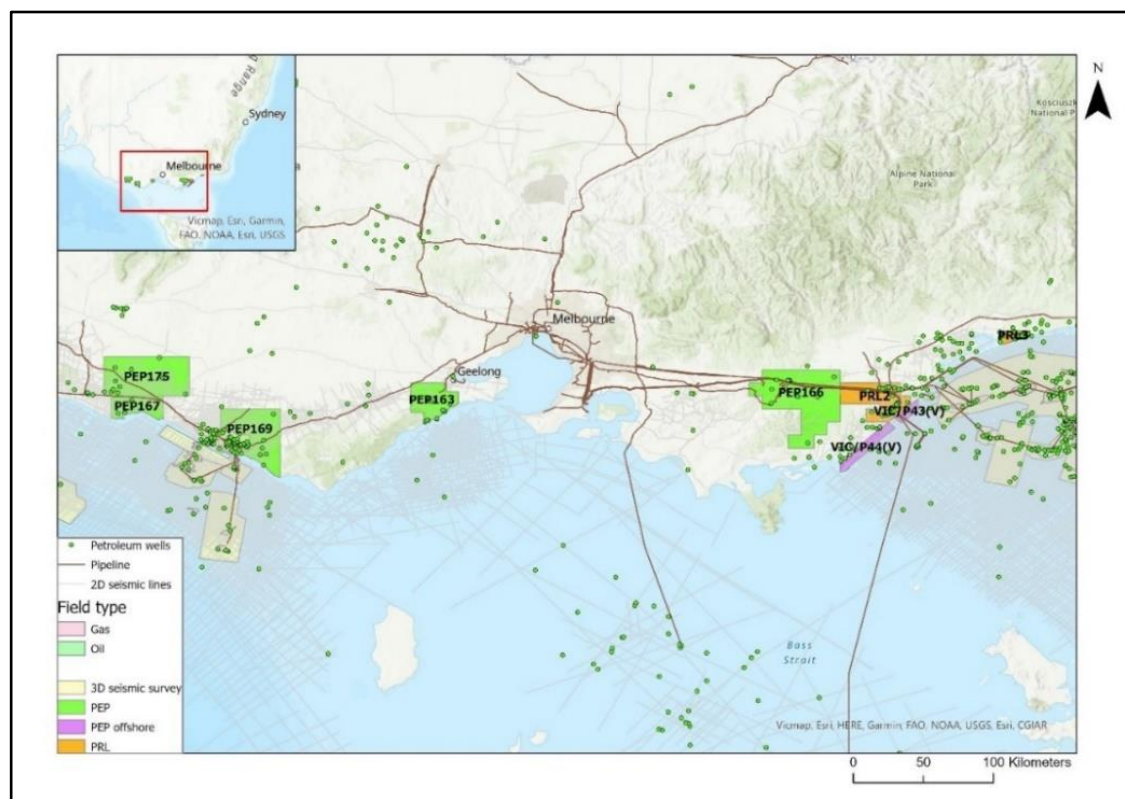
2.2.3 Geological setting

Lakes Blue Energy's permits are in the onshore Gippsland Basin where the main source rocks consist of terrestrial coal units and lower coastal plain, coaly shale units of the Latrobe Group. In the onshore area, there are also coals, organic-rich shales or dispersed organic matter within the Strzelecki Group (Figure 2-9). The main seal is the Latrobe Group shales, which unconformably overlie the Strzelecki Group. Intra-formational seals occur as shales/clays within the Strzelecki Group.

In the Strzelecki Group, onshore traps most likely have a combination of both structural and stratigraphic components.

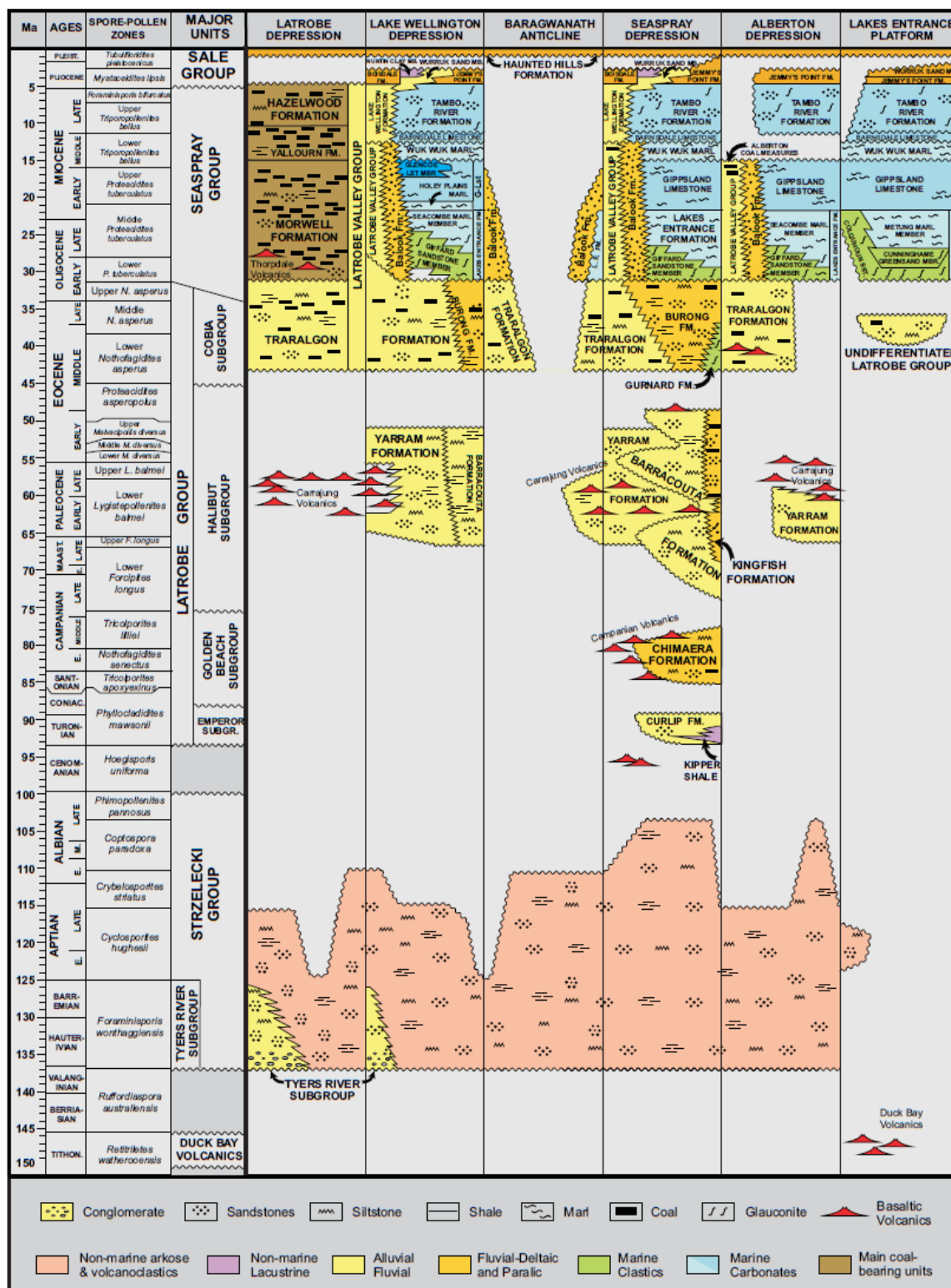
A total of 37 petroleum wells have been drilled in PRL 2. The seismic coverage is dense in the eastern part of PRL 2 with 880 km of 2D seismic survey lines acquired over the permit. The western part of PRL 2 is poorly explored. The Wombat oil field remains the main discovery in PRL 2 with Wombat-3 recovering 10 barrels of oil. The Wombat-2 re-fractured well following a clean-out flowed at an initial estimated rate of 4.3 MMscf/d and later decreased and stabilised to 1.35 MMscf/d flowing through a ½" choke (Table 2-5).

Figure 2-8: Lakes Blue Energy exploration permits and retention licences in Otway and Gippsland Basin, Victoria



Source: SRK

Figure 2-9: Gippsland Basin onshore stratigraphy



Source: Goldie Divko, 2015a

Table 2-4: Summary details of Lakes Blue Energy's onshore and offshore PEPs and PRLs in Victoria

Permit	Permit	Type	Holder	Issued date	Expiry date	Area (km ²)
PEP163	Exploration	Onshore	Mirboo Ridge Pty Ltd	19/07/2002	30/06/2026	541.8
PEP166	Exploration	Onshore	Petro Tech Pty Ltd	03/01/2003	30/06/2026	1,754.1
PEP167	Exploration	Onshore	Mirboo Ridge Pty Ltd	02/07/2007	30/06/2026	408.2
PEP169	Exploration	Onshore	Mirboo Ridge Pty Ltd	25/06/2007	30/06/2026	1,135.2
PEP175	Exploration	Onshore	Mirboo Ridge Pty Ltd	18/04/2013	30/06/2026	1,326.7
PRL2	Exploration	Onshore	Petro Tech Pty Ltd	27/02/2007	30/06/2026	747.7
VIC/P43(V)	Exploration	Offshore	Petro Tech Pty Ltd	13/10/2014	12/10/2026	90.8
VIC/P44(V)	Exploration	Offshore	Petro Tech Pty Ltd	13/10/2014	12/10/2026	237.6

Source: SRK

Table 2-5: Summary of results from Wombat gas field vertical well testing

Vertical wells	Liquids	Peak flow gas (MMcf/d)	Stabilised gas flow	Gas zones identified	Zones tested
Wombat-1	condensate	2.0		>9	3
Wombat-2 (fracture stimulated)	condensate	4.3	1.35	>8	1
Wombat-3 (fracture stimulated)	10 bbl oil	~4.0		>8	2
Wombat-4		RSTM	RSTM	>8	3

Source: compiled by SRK from various Well Completion Reports, GeoVic database

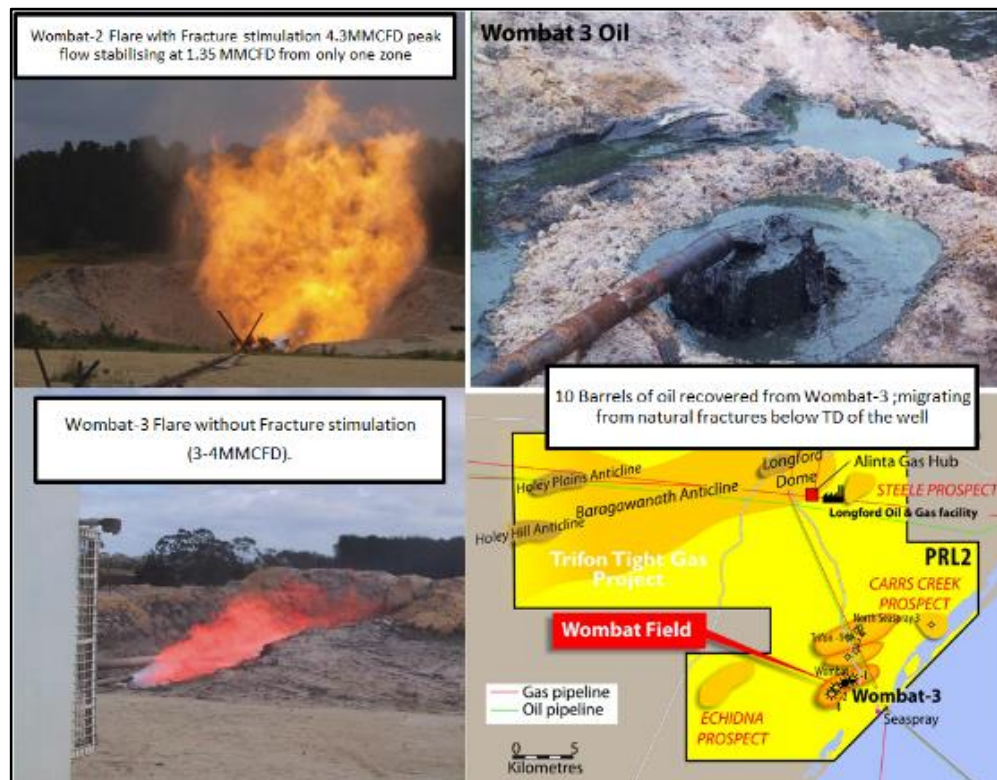
There is also oil potential deeper in the section that, due to the onshore drilling moratorium, remains untested. Stabilised gas flows have flowed from a small number of test zones in multiple wells. There remains significant potential for commercial conventional and unconventional gas production via various well completion techniques. Multi-stage fracture stimulated vertical wells, lateral non-fractured wells and fracture stimulated lateral wells are all potential methods for production depending on government restrictions and economic costs versus Estimated Ultimate Recovery (EUR). Figure 2-10 demonstrates flows from multiple wells and oil recovered from a zone that has not been fully tested.

No petroleum wells have been drilled within VIC/P43(V). The seismic survey coverage is moderate with 172 km of 2D seismic lines acquired over the permit to date.

Three petroleum wells have been drilled on the permit boundary of VIC/P44(V). The seismic survey coverage is moderate with 253 km of 2D seismic lines acquired over the permit to date.

No prospective resources are attributable to VIC/P43(V), VIC/P44(V) and PEP 166.

Figure 2-10: Wombat field example gas and oil flows obtained during testing



Source: Lakes Blue Energy

2.2.4 Summary of Contingent and Prospective Resources – PRL 2

Gaffney, Cline and Associates (GCA) prepared an Independent Technical Assessment of the Resource Estimates for the Early Cretaceous sediments of the Strzelecki Group on the Wombat (Table 2-6), Trifon, Gangell and North Seaspray tight gas accumulations in the Gippsland Basin (Table 2-7) within PRL 2.

The North Seaspray accumulation was first drilled and tested in 1962, while the Trifon and Gangell areas were drilled and tested in 2000 and 2001 respectively by Lakes Oil N L. (renamed to Lakes Blue Energy). The production rates achieved via tests in these gas accumulations were 50–100 Mscf/d in North Seaspray-1, 23 Mscf/d in Trifon-1 and 18 Mscf/d in Gangell-1. The Wombat area has been assessed with a number of appraisal wells including Wombat-2. One of a number of potential hydrocarbon zones was fracture stimulated and flowed at a stabilised rate of 1.35 Mscf/d and demonstrated that an increased flow resulted from the stimulation. This demonstrates the Strzelecki Group can respond well to stimulation and commercial flow rates are likely to be reached with stimulation of multiple zones or multistage stimulated lateral wells.

GCA also prepared an Independent Technical Assessment of the Prospective Tight Gas Play Resource Estimates for the Early Cretaceous sediments of the Strzelecki Group of the Baragwanath Anticline in PRL 2 (Table 2-8).

Table 2-6: Summary of gas initially in-place and contingent gas Resources Wombat accumulations, Vic/PRL2, onshore Australia

Summary of gas initially in-place and contingent gas resources post Wombat-4						
	GIIP (Bscf)			EUR (Bscf)		
	P90	P50	P10	1C	2C	3C
Wombat field	612	787	1,396	258	329	628

Source: Gaffney, Cline and Associates, 2010

Notes:

- Natural gas volumes represent expected gas sales*, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60°F.
- Volumes reported are gross (100%) interest for the field area.
- The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content, which together average less than 1.6%.

Table 2-7: Summary of gas initially in-place and contingent gas Resources Trifon, Gangell and North Seaspray accumulations, Vic/RL2, onshore Australia

	GIIP (Bscf)			EUR (Bscf)		
	P90	P50	P10	1C	2C	3C
Trifon, North Seaspray	166	492	711	70	206	301
Gangell	121	405	498	50	168	209
TOTAL (Probabilistic)	293	922	1,237	126	390	526

Source: Gaffney, Cline and Associates, 2009

Notes:

- Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60°F.
- Volumes reported are gross (100%) interest for the field areas.
- The volumes reported in this table have not been reduced for non-hydrocarbon gas (CO₂, N₂) content, which together average less than 4%.

Table 2-8: Summary of gas initially in-place and prospective gas Resources, Baragwanath Anticline, PRL2, onshore Australia

	GIIP (Bscf)				EUR (Bscf)				COS
	P90	P50	P10	Mean	P90	P50	P10	Mean	%
Baragwanath Anticline	388	1,683	5,851	2,784	156	701	2,523	1,190	45

Source: Gaffney, Cline and Associates, 2011

Notes:

- Natural gas volumes represent expected gas sales, and are reported in billions (10⁹) of cubic feet (Bscf) at standard conditions of 14.7 psia and 60°F.
- Volumes reported are gross (100%) interest for the field area.
- The volumes reported in this table have not been reduced for potential of non-hydrocarbon gas (CO₂, N₂) content.
- Volumes computed probabilistically in conjunction with PEP 166, using consistent parameter ranges. Final volumes based on area split per category for PRL 2.

2.2.5 Planned Activities

The Otway-1 gas well in PEP 169 is a planned conventional, vertical well targeting both the Waarre Sandstone and the Eumeralla Formation. The well is planned to be drilled as soon as the Victorian regulations allow. The well will be located about 400 m from the existing Otway gas plant and Iona

gas storage field and associated facilities. The Waarre Sandstone is very productive with gas flow rates of up to 50 terajoules per day (TJ/d) having previously been achieved at other nearby locations. The Eumeralla Formation flowed gas at a rate of 7.5 TJ/d at the Skull Creek-1 well.

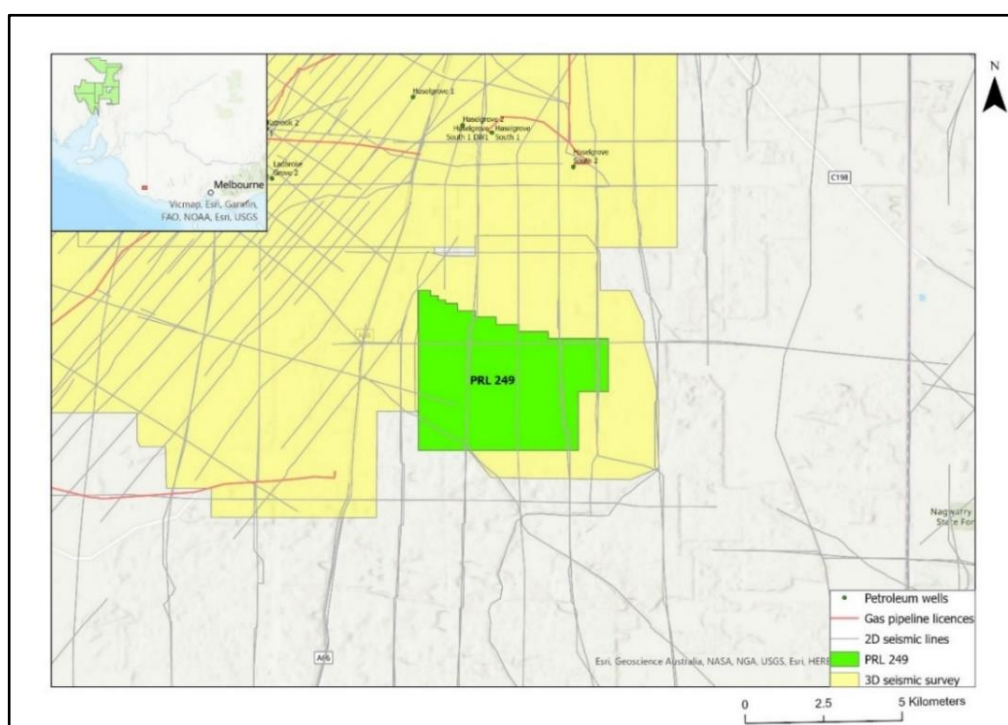
2.3 Otway Basin, Victoria and South Australia

2.3.1 Project background

The Nangwarry carbon dioxide (CO₂) discovery is located within Petroleum Retention Licence (PRL) 249, onshore South Australia approximately 360 km southeast of Adelaide, South Australia and 250 km west of Melbourne, Victoria (Figure 2-11). Nangwarry-1 well identified a carbon dioxide resource of high (greater than 90%) purity which could be used in medical, industrial and food industries.

The onshore Otway Basin overlaps state boundaries from Victoria into South Australia.

Figure 2-11: Location of the PRL 249, South Australia



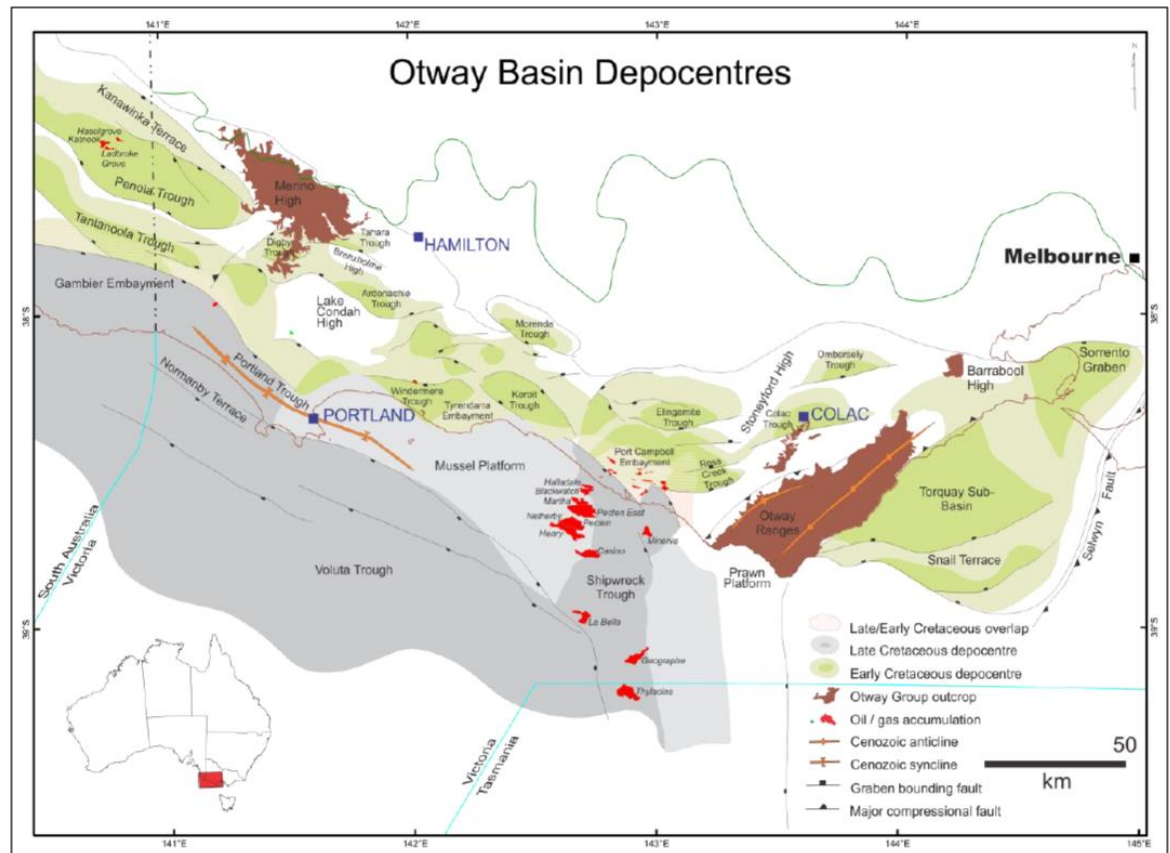
Source: SRK

Table 2-9: Summary details for PLR 249 in South Australia

Permit	Permit Holder	Grant date	Expiry date	Area (km ²)
PRL 249	Otway Energy Pty Ltd, Vintage Energy Limited	04/05/2021	03/05/2026	226.0

Source: SRK

Figure 2-12: Otway Basin depocentres within Victoria and South Australia



Source: Goldie, 2015b

Note: Gas accumulations in red.

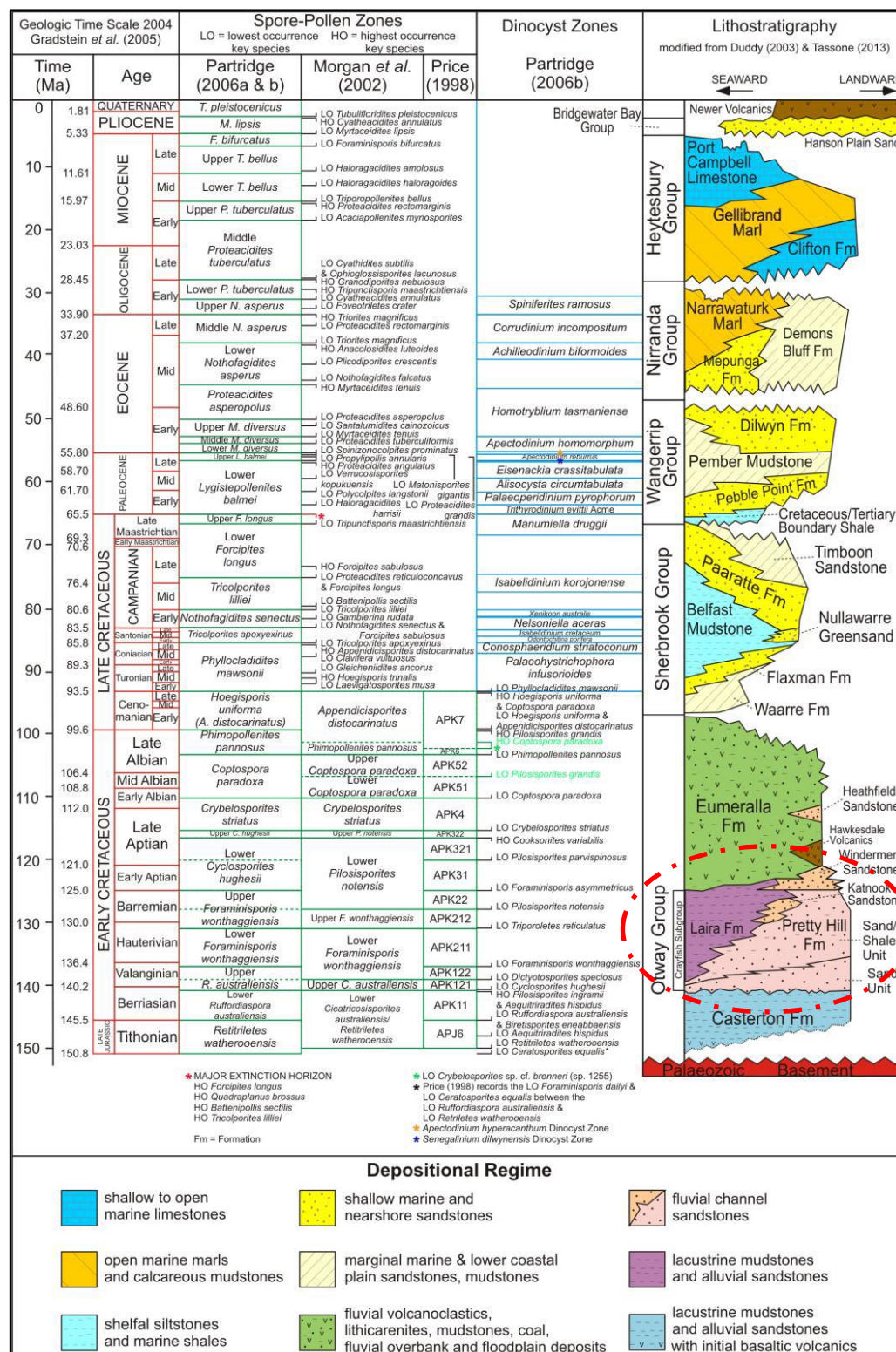
2.3.2 Geological setting and Play concepts

The Otway Basin is a Jurassic to Cretaceous rift basin formed by the separation of Australia from Antarctica. The onshore portion is a series of separate grabens and half grabens. All the major sales gas discoveries in the onshore Otway Basin in South Australia are located within the Penola Trough. The two major sedimentary sequences that are targets for petroleum exploration in the onshore Otway are the Crayfish Group within the Otway Supergroup where most of the production has occurred in South Australia, and the younger Sherbrook Group that has been the source of production in Victoria.

A stratigraphic column for the Otway Basin is shown in Figure 2-13. The Early Cretaceous Pretty Hill Formation – that comprises several members of sandstone with origin by braided streams – is a proven reservoir in PRL 249 and forms part of the early rift Crayfish Group. The reservoir depositional environment is dominated by the clastic sediments which are of a fluvio-lacustrine origin. The oldest and deepest conventional target is the Sawpit Sandstone Member with the Sawpit Shale as an overlying seal. The Pretty Hill Sandstone is overlain and sealed by the fluvio-lacustrine shale and siltstone of the Laira Formation with the Katnook Sandstone a younger interfingering facies. The Crayfish Group is unconformably overlain by the Eumeralla Formation, comprising the regional seal, which is a fluvial siltstone and shale sequence with some minor coal and meandering fluvial

sandstone units. The Windermere Sandstone is a regionally extensive transgressive unit overlying the Crayfish Group unconformity and thickens with depth in the half grabens.

Figure 2-13: Otway Basin stratigraphy



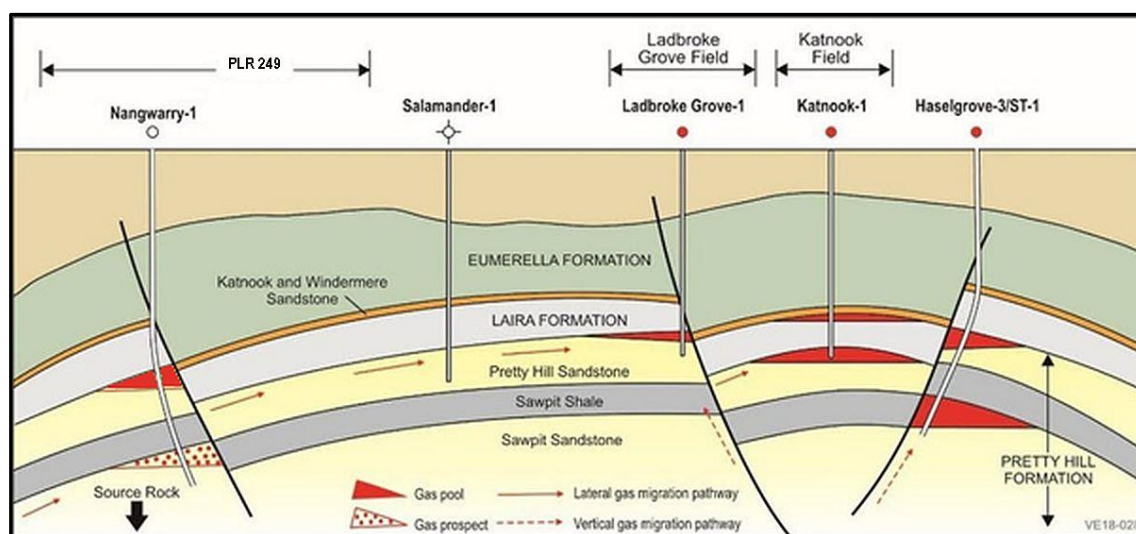
Source: Svendsen et.al., 2004

2.3.3 Work undertaken

In South Australia, the Nangwarry CO₂ discovery is within PRL 249 in the Otway Basin (Figure 2-14). The Nangwarry-1 well was directionally drilled along an interpreted fault plane and reached a total of 4,300 m MD in January 2020, encountering gas within the Pretty Hill Formation (Figure 2-15).

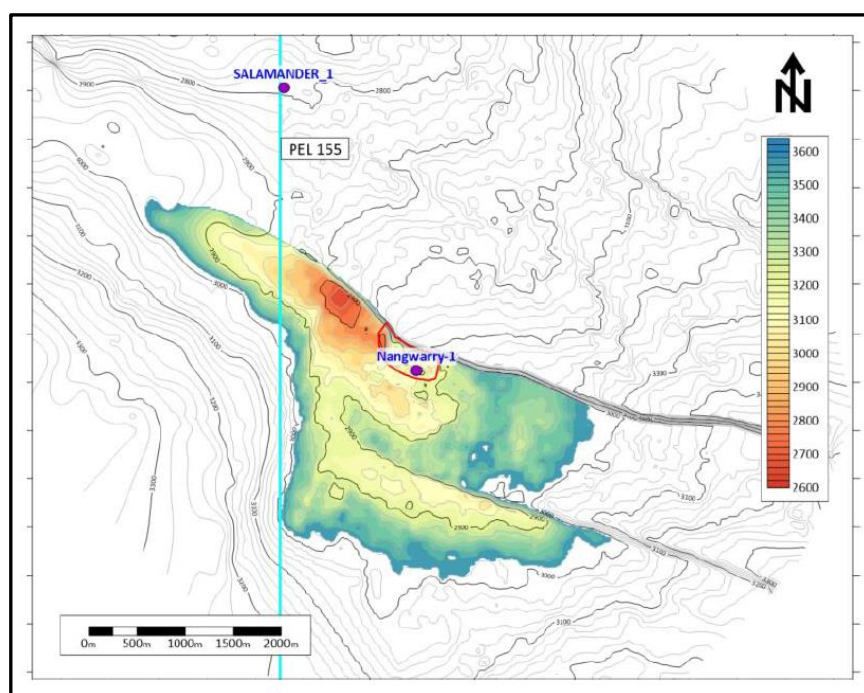
The production testing of the Nangwarry-1 well was carried out over the period from 22 March 2021 to 2 April 2021. An analysis of samples taken at the separator showed an average CO₂ composition of 96.1%.

Figure 2-14: Well cross section of PRL 249, South Australia



Source: SRK (modified from Lakes Oil NL, Investor Information, July 2019)

Figure 2-15: High case depth structure map – post-drill Nangawarry-1 (mTVDSS)



Source: Lakes Blue Energy

2.3.4 Summary of Contingent Resources and Prospective Resources – PRL 249

Recent independent estimation for PRL 249 was prepared by ERC Equipose Pte. Ltd. as of 30 June 2021. The net estimate, of Lakes Blue Energy's working interest, of on-block recoverable CO₂ gas is 12.9 Bscf (Table 2-10). This Nangwarry resource upgrade was made public on 12 July 2021, in a Lakes Blue Energy ASX announcement.

Table 2-10: Gross CO₂ sales gas estimates and gross natural gas Contingent Resources

CO ₂ Gross sales gas estimate			Gross natural gas Contingent Resource		
Low (Bscf)	Best (Bscf)	High (Bscf)	1C (Bscf)	2C (Bscf)	3C (Bscf)
9.0	25.9	64.4	0.5	1.6	4.1
CO ₂ Net sales gas estimate			Net natural gas Contingent Resource		
Low (Bscf)	Best (Bscf)	High (Bscf)	1C (Bscf)	2C (Bscf)	3C (Bscf)
4.5	12.9	32.2	0.3	0.8	2.0

Source: ERCE, 2021

Notes:

1. Gross volumes represent a 100% total of estimated recoverable volumes within PRL 249.
2. Working interest volumes for Otway Energy's and Vintage Energy's share of the gross recoverable volumes can be calculated by applying their working interest in PRL 249, which is 50% each.
3. Sales gas stream for Nangwarry is CO₂ gas.
4. Gross Contingent Resource represents a 100% total of estimated recoverable hydrocarbon gas volumes within PRL 249.
5. These are un-risked Contingent Resources that have not been risked for Chance of Development and are sub-classified as Development Unclassified.

2.3.5 Summary of Contingent Resources and Prospective Resources – PEP 175

Fourteen exploration wells have been drilled within the PEP 175 targeting conventional prospects with limited intersection of potential tight gas intervals. Several Drill Stem Tests (DSTs) have been run on the Eumeralla Formation or deeper intervals. To date there is minimal direct evidence of pervasive hydrocarbon saturation in the tighter intervals.

However, recent analysis of well logs and the limited test data suggest the potential for a significant gas resource in the Eumeralla Formation and older formations (e.g., Laira Formation, Pretty Hill Formation and Casterton Formation). SRK assessed the Prospective Resources in the PEP 175 project area as of 1 May 2015 (Table 2-11).

Table 2-11: OGIP and Recoverable Resources in PEP 175

Eumeralla Formation Tight Gas	P90	P50	P10
GIIP(Bscf)	23,280	35,515	53,507
Recoverable Gas Resources (Bscf)	2,966	8,276	17,692
Recoverable Gas Resources (PJ)	2,939	8,202	17,533
Laira, Pretty Hill and Casterton formations Tight Gas with liquids	P90	P50	P10
GIIP (Bscf)	6,863	14,484	24,852
Recoverable Gas Resources (Bscf)	977	3,193	7,785
Recoverable Gas Resources (PJ)	968	3,164	7,715
Recoverable Gas Liquids MMboe	8.6	31.5	88.8

Source: SRK, 2016

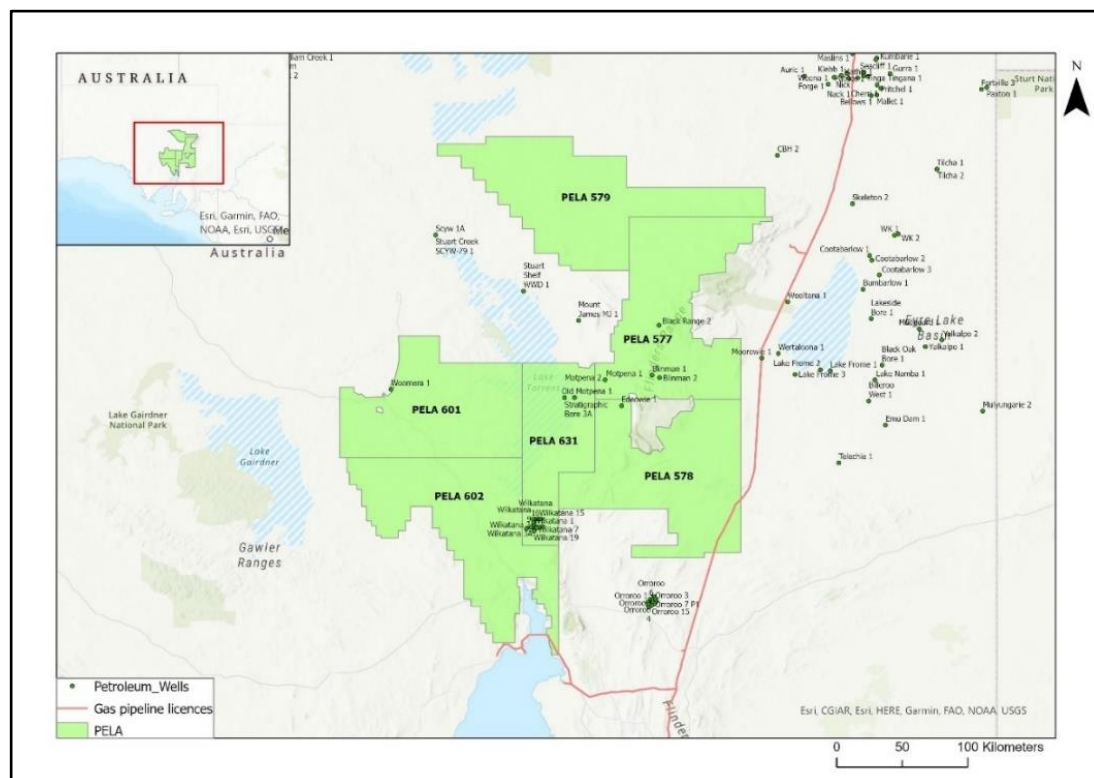
2.4 Pirie Torrens Basin/Arrowie Basin, South Australia

2.4.1 Project background

Lakes Blue Energy has six PELAs in the Pirie Torrens Basin/Arrowie Basin in the central Flinders Ranges of South Australia (Figure 2-16, Table 2-12). Although some of the applications were submitted over 10 years ago, no exploration leases have yet been granted.

This application covering an area of approximately 53,000 km² was considered by NavGas to offer shale gas potential within the Neoproterozoic Tindelpina Shale, a basal carbonaceous unit within a shoaling upwards sequence of interglacial sediments separating the Sturtian and Marinoan glaciations.

Figure 2-16: Lakes Blue Energy's PELAs, South Australia



Source: SRK

Table 2-12: Summary details of exploration applications in South Australia

Permit	Permit Holder	Application date	Area (km ²)
PELA 577	NavGas Pty Ltd	16/04/2014	9,671.50
PELA 578	NavGas Pty Ltd	29/09/2011	9,334.90
PELA 579	NavGas Pty Ltd	29/09/2011	9,902.30
PELA 601	NavGas Pty Ltd	14/11/2011	8,279.60
PELA 602	NavGas Pty Ltd	14/11/2011	9,593.00
PELA 631	NavGas Pty Ltd	03/06/2013	5,234.80

Source: SRK

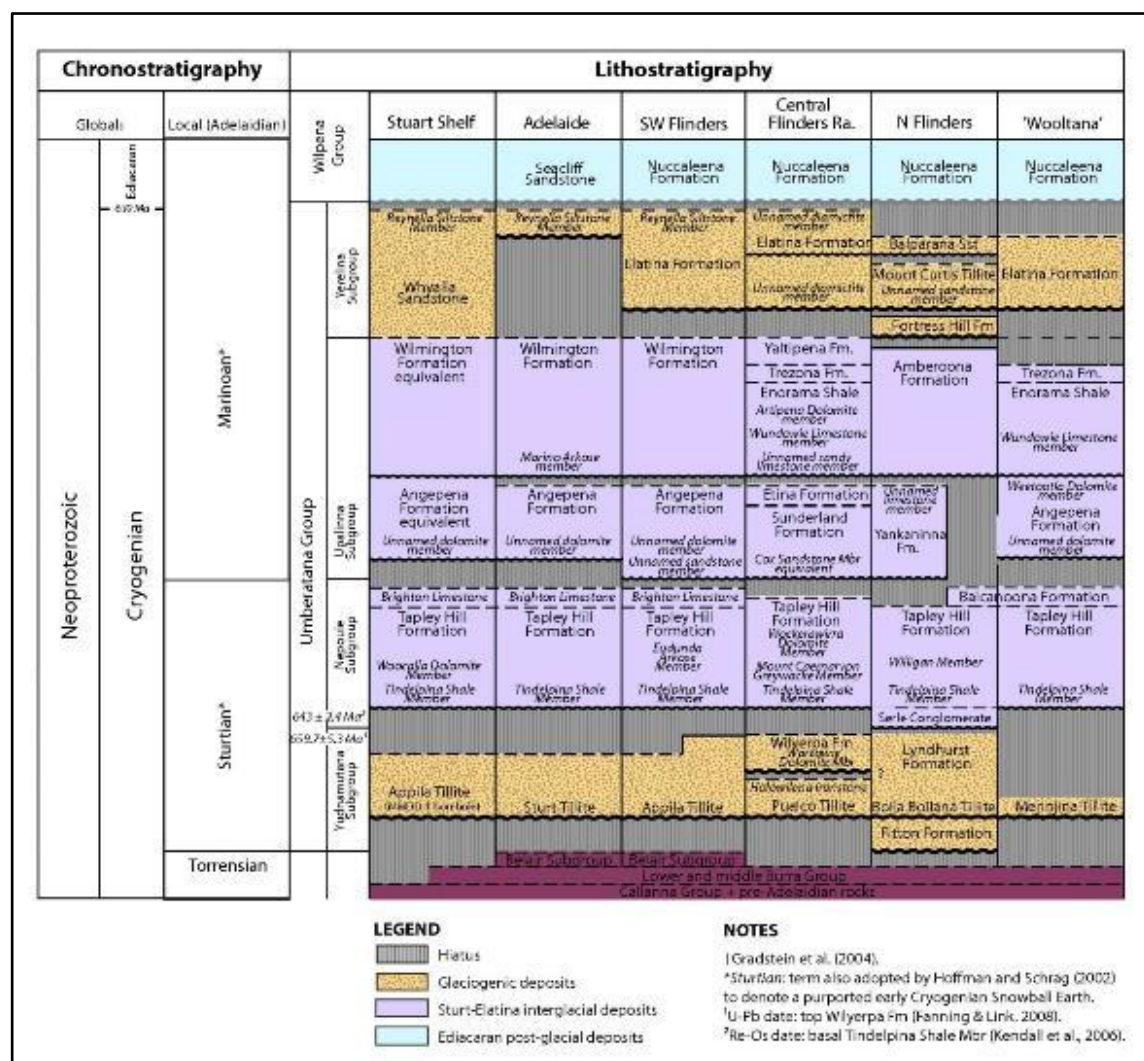
2.4.2 Geological setting and Play concepts

The Pirie Torrens Oil and Gas Project incorporates six PELAs covering approximately 53,000 km² and is within the Arrowie Basin. Petroleum exploration activities first commenced in 1956, when Santos Ltd (Santos) was established to drill for oil at Wilkatana and confirmed the presence of oil and gas across this area.

Carbonate and clastic units of the Arrowie Basin were deposited at tropical latitudes on the eastern seaboard of the Gawler Craton from the Early to mid-Late Cambrian. These deposits disconformably overlie Neoproterozoic strata of the Adelaide Geosyncline. The Arrowie Basin comprises four major structural components: (i) thin flat-lying cover on the Stuart Shelf; (ii) faulted slices of unknown thickness in the structurally complex Torrens Hinge Zone between the Stuart Shelf and Flinders

Ranges; (iii) thick, but dispersed, outcrops in the ranges; and (iv) a synclinorium bisected by the Proterozoic Benagerie Ridge located between the Flinders Ranges and the Barrier Ranges in western New South Wales. The structural style in the Torrens Hinge Zone, west of the Flinders Ranges, is poorly known due to an absence of useful seismic geophysical data coverage. The Yalkalpo Syncline east of the Benagerie Ridge appears to be a simple north-plunging depression. The Moorowie Syncline is terminated to the north by faulted basement; beneath Lake Frome, a major north–south trending wrench complex (Poontana Fracture Zone) extends through the syncline.

Figure 2-17: Regional lithostratigraphy of the Arrowie Basin



Source: Le Heron and Craig, 2013

2.4.3 Exploration history

A summary of the petroleum wells drilled within PELAs is provided in Table 2-13.

Thirteen of the twenty wells completed intersected Early Cambrian carbonates, and paraffinic oil shows were reported from several drill holes. Subsequent drill holes in the Torrens Hinge Zone, west of the Flinders Ranges (Motpena-1, Edeowie-1), terminated in red beds at about 1 km depth, but above the carbonate units, with the exceptions of Yarrah-1 (drilled in 1982 to twin the Wilkatana-1

drill hole) and Old Motpena-1 (drilled in 1983). These two wells reached Cambrian carbonates at 149 m and 315 m downhole depth respectively. Blinman-1 and Blinman-2 were drilled in 1990–1991 as petroleum wells targeting a major diapiric structure in the central Flinders Ranges. Traces of gas were recorded from fractures in the Proterozoic Tapley Hill Formation in Blinman-2, while Blinman-1 terminated in a large diapiric raft with no shows.

The region east of the Flinders Ranges has been partly explored using seismic geophysical surveying, and four wells have been drilled: Lake Frome-1, Lake Frome-2, and Lake Frome-3 in 1968, and Moorowie-1 in 1983. None of these holes intersected the principal carbonate reservoir at depth.

Geothermal focused exploration in the Arrowie Basin has resulted in a resurgence in activity in both the western and eastern Arrowie Basin, with 13 wells being drilled in the Torrens Hinge Zone and 24 wells drilled in the Moorowie Syncline area since 2005. Over this same period, two 2D seismic surveys were completed in the Torrens Hinge Zone and Stuart Shelf, and two further 2D seismic surveys shot in the Moorowie Syncline. Geoscience Australia identified the southern Arrowie Basin and northwestern Torrens Hinge Zone with the 2003–2004 Curnamona Transects – L164 Survey. In early 2009, Geoscience Australia acquired another seismic transect linking the Gawler Craton, Arrowie Basin and Curnamona Province, as part of the Onshore Energy Security Project.

Previous exploration work by Frontier Exploration Ltd in 1991 has shown the carbonaceous shales of the Neoproterozoic Tindelpina Shale Member of the Tapley Hill Formation in central east South Australia to be prospective for shale gas.

Table 2-13: Summary details of petroleum wells drilled within the Lakes Blue Energy PELAs

Well name	Rig released date	Well type	Result	Total depth m
Blinman-1	25/10/1990	Exploration	Dry	481.5
Blinman-2	12/04/1991	Exploration	Dry	2,031.5
Edeowie-1	29/01/1982	Stratigraphic	Dry	962.9
Motpena-1	4/07/1957	Exploration	Dry	214.0
Motpena-2	25/07/1957	Exploration	Dry	176.2
Old Motpena-1	24/08/1983	Exploration	Dry	564.2
Stratigraphic Bore 3A	10/04/1964	Water	Dry	270.4
Wilkatana-1	11/06/1956	Exploration	Oil Shows	670.3
Wilkatana-2	27/07/1956	Exploration	Dry	337.8
Wilkatana-3	29/05/1956	Exploration	Dry	406.6
Wilkatana-3A	29/04/1957	Exploration	Dry	320.0
Wilkatana-4	29/09/1956	Exploration	Dry	460.6
Wilkatana-5	30/03/1956	Stratigraphic	Dry	157.6
Wilkatana-6	22/03/1956	Stratigraphic	Dry	135.6
Wilkatana-7	27/04/1956	Stratigraphic	Dry	144.9
Wilkatana-8	16/07/1956	Exploration	Dry	324.6
Wilkatana-9	23/08/1956	Exploration	Dry	372.8
Wilkatana-10	29/05/1956	Exploration	Dry	13.7

Well name	Rig released date	Well type	Result	Total depth m
Wilkatana-10A	29/06/1956	Exploration	Dry	–
Wilkatana-11	19/09/1956	Exploration	Dry	339.9
Wilkatana-12	22/10/1956	Exploration	Dry	333.8
Wilkatana-13	07/10/1956	Exploration	Dry	177.4
Wilkatana-14	11/10/1956	Stratigraphic	Dry	182.9
Wilkatana-15	17/12/1956	Stratigraphic	Dry	138.4
Wilkatana-16	16/01/1957	Stratigraphic	Dry	281.0
Wilkatana-17	18/10/1956	Stratigraphic	Dry	63.9
Wilkatana-18	13/11/1956	Stratigraphic	Dry	132.9
Wilkatana-19	–	Stratigraphic	Dry	–
Wilkatana-19A	–	Stratigraphic	Dry	–
Wilkatana-19B	–	Stratigraphic	Dry	137.2
Yarrah-1	18/03/1982	Exploration	Dry	246.3

Source: SRK

2.4.4 Hydrocarbon prospectivity

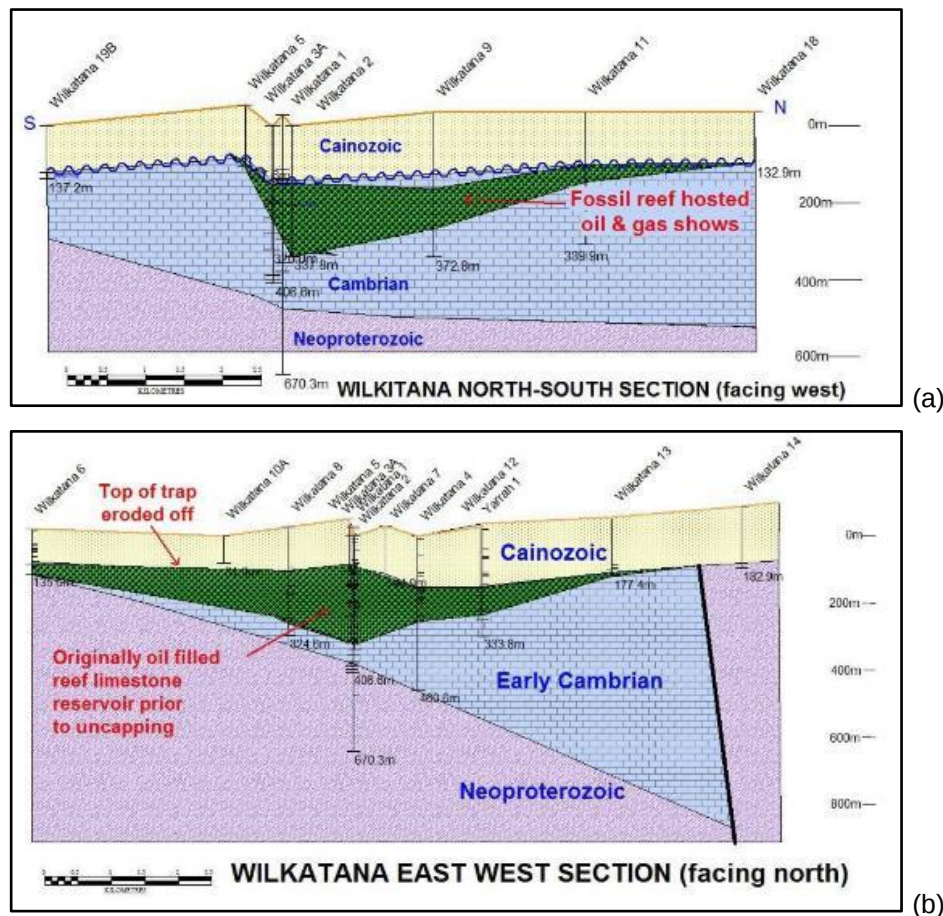
PELA 577 is located on the Blinman Diapir and the northern extension of the Tapley Hill Formation. Along the eastern flank of the diapir, drill hole Blinman-2 (total depth 2,031 m) intersected a complete section of the Neoproterozoic Tapley Hill Formation, where methane (~2,000 ppm) was encountered at a depth between 1,200 m and ~1,600 m. This methane is presumably sourced from fractures in the basal Tindelpina Shale Member (up to 1.1% TOC, with a mean vitrinite reflectance of 1.9%). These results place this unit clearly in the gas window; however, Frontier concluded that the reservoir quality is typically poor and fracture porosity is needed to make this diapir play prospective. Regionally, this immediate area is considered prospective for shale gas as the Tapley Hill Formation of the central Flinders Ranges attains its lowest maturity and is currently gas prone. Lakes Blue Energy considers the area has considerable potential based on current economics and logistics of extracting gas from shale.

PELA 579 is south of BHP Billiton's Olympic Dam copper-gold mine and includes the Cattle Grid deposit near Mount Gunson. A review of open file drill hole data reveals that the Woocalla Dolomite Member is widespread over the PELA, with the presence of black shale and depths of burial considered sufficient to place this unit in the gas window.

Within PELA 631, live oil was discovered by Santos in Early Tertiary and Early Cambrian aged rocks. The source of this oil is currently unknown, but a Tindelpina Shale source may be possible. In addition, anomalous levels of methane in soils have been reported to the northeast. Seismic line 08GA-A1 indicates a syncline fault bounded to the east has probable Tindelpina Shale underlying the application at approximately 1,980 m depth. As sediments appear to thicken into the syncline, greater thicknesses and organic carbon contents are possible.

A review of the shale gas potential of the five adjoining Lakes Blue Energy PELAs identified the Tindelpina Shale as offering potential to host unconventional gas resources within the 1,200 m to 4,000 m economic depth window, with some possibility of identifying shallower resources that may nevertheless be economic. The presence of dry gas in soils in anomalous quantities, and the oil seeps at Wilkatana may point to the migration of hydrocarbons from the Neoproterozoic sequence, with the Tindelpina Shale a probable candidate (Figure 2-18). The presence of oil may indicate the section is not as mature as had previously been predicted.

Figure 2-18: Wilkatana well cross section



Source: NavGas, 2016b

Notes: a) north-south, b) east-west

2.4.5 Mingoola Gold Pty Ltd (EL 6606)

As part of the NavGas acquisition in 2017, Lakes Blue Energy gained Mingoola Gold Pty Ltd which held five South Australian mineral exploration licences (EL) that overlap parts of the PELAs.

Four of the five ELs were subsequently relinquished, with only EL 6606 retained.

3 Other projects

Limited exploration licence data is publicly available on Lakes Blue Energy tenure in PNG and the USA.

SRK has not been able to review these tenements in detail and has relied on technical information supplied by Lakes Blue Energy.

3.1 Papua New Guinea

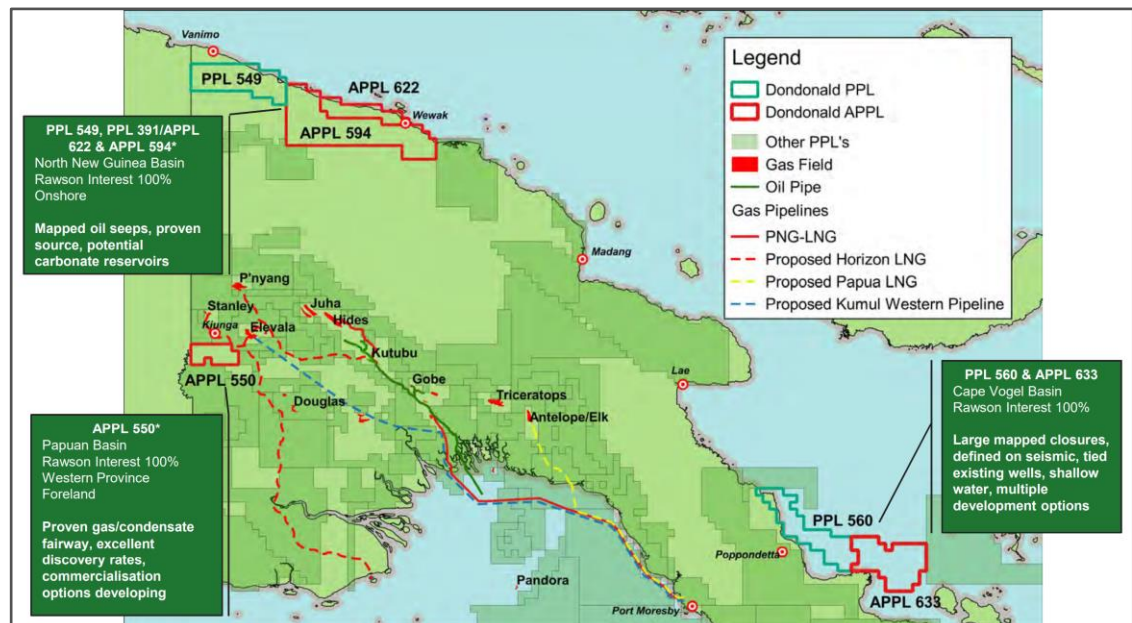
Lakes Blue Energy holds two PNG Petroleum Prospecting Licences. These were obtained through the off-market acquisition of Rawson Energy Limited in late 2018.

- PPL 560 – Cape Vogel Basin – 100.0% interest
- PPL 549 – North New Guinea Basin – 100.0 % interest.

In addition, Lakes Blue Energy has made exploration applications in PNG for APPL 550, APPL 594, APPL 622 and APPL 633 (Figure 3-1).

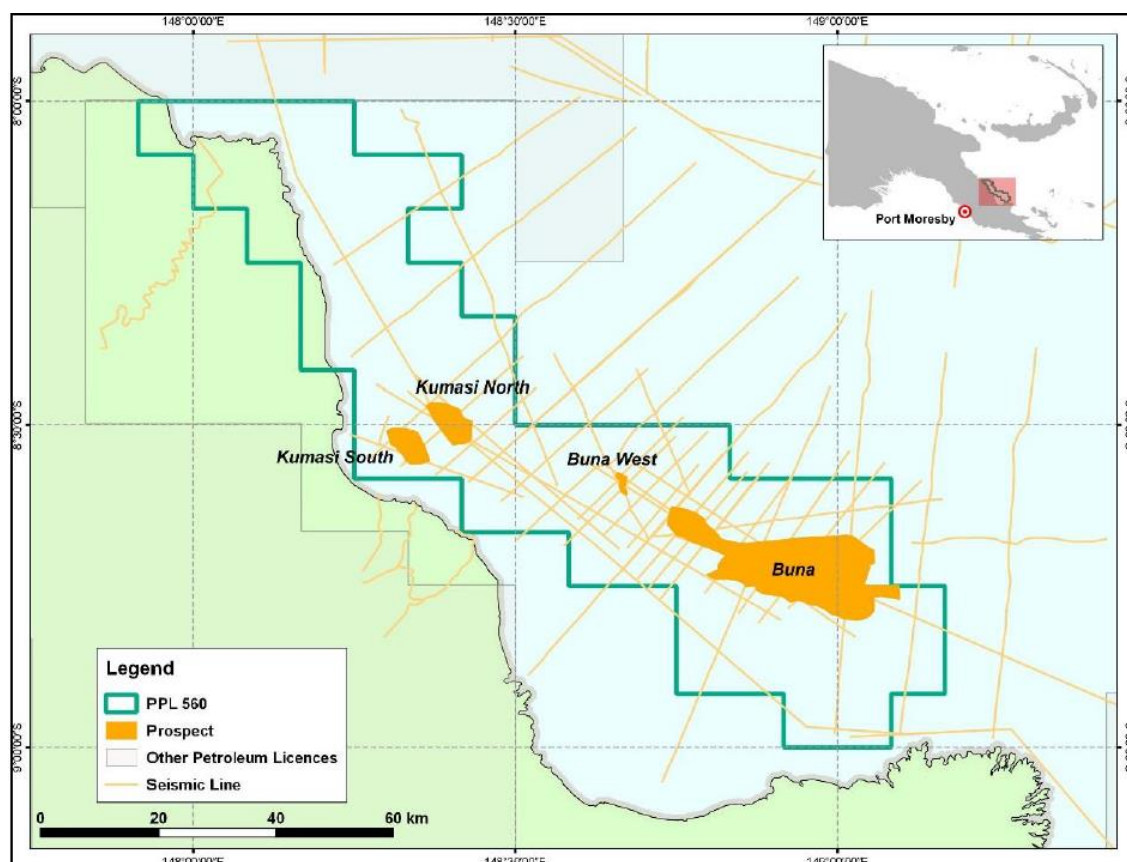
Lakes Blue Energy is planning for exploration and development of the PNG tenements, especially the Buna prospect (PPL 560), and is progressing discussions with potential farm-in partners to help fund the drilling of the Buna prospect (Figure 3-2).

Figure 3-1: Petroleum exploration permits, Papua New Guinea



Source: Lakes Blue Energy

Figure 3-2: Location of Lakes Blue Energy prospects in the Cape Vogel Basin, PNG



Source: Rawson Oil and Gas, 2017

3.1.1 Cancellation and reinstatement of PPL 560

Lakes Blue Energy received notification that its permit was cancelled in April 2018 by the then PNG Minister for Petroleum and Energy, Dr Fabian Pok. The matter was taken to a PNG Judicial Review and was successfully resolved in September 2019 in favour of Lakes Blue Energy. The current PNG Petroleum Minister, Mr Kerenga Kua, appointed in June 2019, has supported the orders of the Judicial Review.

On 23 October 2020, Lakes Blue Energy was granted an extension to the term of PPL 560 by the PNG Petroleum Advisory Board. This extension was formally confirmed on 16 December 2020. The extension of term compensates Lakes Blue Energy for time lost during the legal proceedings.

Table 3-1: Summary details of exploration permits for PPL 560 and PPL 549

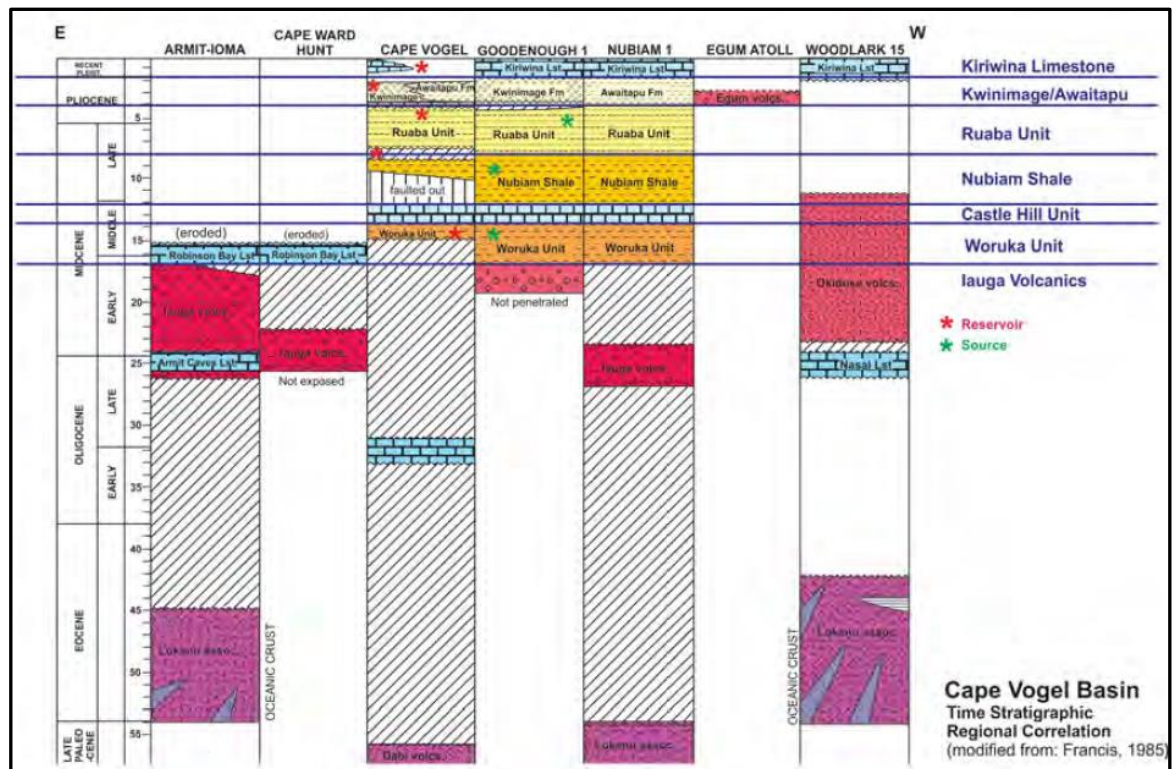
Permit	Permit holder	Approved date	Expiry date	Area km ²
PPL 549	Rawson Oil and Gas	27/05/2016	26/05/2022	
PPL 560	Rawson Oil and Gas	30/11/2016	01/12/2025	4,710

Source: GPinfo

3.1.2 Geological setting

The Cape Vogel Basin was initiated during the late Oligocene–Early Miocene as a fore-arc basin in response to the convergence of the Indo-Australian and Pacific plates (Figure 3-3). The Cape Vogel Basin lies below a bathymetric platform which extends northwards from the Papuan Peninsula to the south margin of the Solomon Sea Basin. The Cape Vogel Basin is an elongate east–west trending basin which consists of three separate but continuous, depocentres (Buna, Tufi and Trobriand). After an initial phase of extension in the Oligocene the basin was subjected to a period of compression with associated faulting and uplift in the Middle Miocene.

Figure 3-3: Regional stratigraphy – Cape Vogel Basin, PNG



Source: Rawson Oil and Gas, 2017

3.3.2 Petroleum system

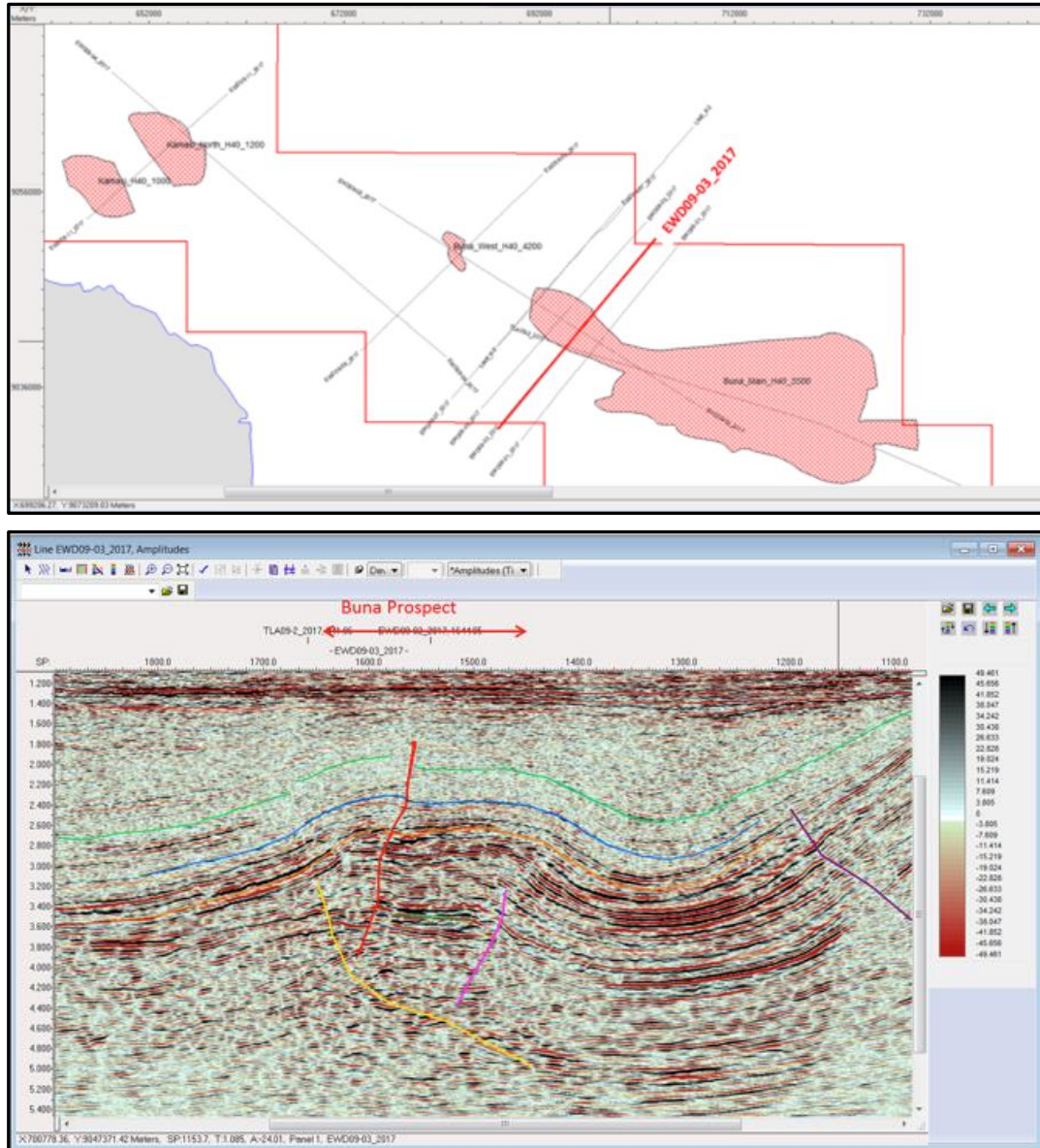
Oil/gas seeps onshore and the present-day geothermal gradient indicates burial sufficient for hydrocarbon generation (>5,500 m depocentres) in Cape Vogel Basin. Best The most prospective source rocks are the Lower Ruaba unit and Nubiam Shale (with poor to fair TOC from offset wells). The Underlying Woruka is also a possibility source rock in the basin.

The most prospective reservoir is the Ruaba Sandstone which is widespread (from offset wells) across the basin, it has fair porosity and permeability. The Castle Hill Limestone is considered good potential reservoir however it is likely to have variable reservoir characteristics. The Middle Miocene Woruka Unit also has reservoir potential (not penetrated in offset wells). There are direct hydrocarbon indicators interpreted Woruka Unit across the Buna prospect (Figure 3-4).

Late Miocene traps are best potential targets in the basin. Subsidence in the latter part of the Mid-Miocene may have led to early maturation/ and migration of gas. The Buna and Kumasi anticlinal

folds mapped on seismic surveys contain the most prospective traps. The Buna Prospect has four-way closure with and some fault compartmentalization.

Figure 3-4: Buna prospect on seismic line EWD09-03_2017



Source: Rawson Oil and Gas, 2017

3.1.3 Summary of Contingent and Prospective Resources – PPL 560 and PPL 549

No wells have been drilled to date in PPL 560. The two closest wells are Goodenough-1 and Nubiam-1. They were drilled 150 km east, near the Trobriand Islands in the 1970s.

Before the granting of PPL 560, the Cape Vogel Basin gas prospects were held by the Canadian oil and gas explorer Englewood Energy (PPL 257 from 2006 to 2014). Fekete Associates Inc. produced the report Undiscovered Hydrocarbon Resources, Petroleum Prospecting Licence (PPL) Blocks 257 and 258, Papua New Guinea.

Lakes Blue Energy has a portfolio of highly prospective exploration acreage in PNG. A number of exploration targets have been identified in PPL 560, but most of the technical focus has been on the Buna Prospect (Table 3-1).

Table 3-2: Estimates of Prospective Gas Resources, PPL 560 and PPL 549, PNG

Location	Licence	Prospect	Petroleum fluid/Units	Low Estimate	Best Estimate	High Estimate	COS
Cape Vogel Basin, PNG	PPL 560	Buna ¹	Gas (Bcf)	1,848	3,316	5,532	<0.05
		West Buna ¹	Gas (Bcf)	105	208	371	<0.05
		Kumasi North ¹	Gas (Bcf)	143	274	489	<0.05
		Kumasi South ¹	Gas (Bcf)	91	193	363	<0.05
North New Guinea Basin, PNG	PPL 549	Matapau	Oil (MMbbls)	1.0	4.4	20	0.05

Source: ¹Undiscovered Hydrocarbon Resources, Petroleum Prospecting Licence (PPL) Blocks 257 and 258, Papua New Guinea, 31 August 2010, Fekete Associates Inc.

3.2 San Joaquin Basin, California, USA

The Eagle Prospect is 40 km east of the city of Coalinga, in the Central Valley, California (Figure 3-5, Table 3-3).

The Eagle Prospect contains the Mary Bellocchi-1 (API: 0403120311) well that was drilled in 1986 by Lakes Oil and its joint venture partner (Strata-X Inc.). The well encountered good oil shows in the Eocene-age Gatchell Sands that tested up to 192 barrels of light oil and 427 Mscf of gas per day. The well flowed oil to surface for several weeks before withering out. Indications at the time were that the failure of the well was the result of a mechanical problem, rather than oil ceasing to be present.

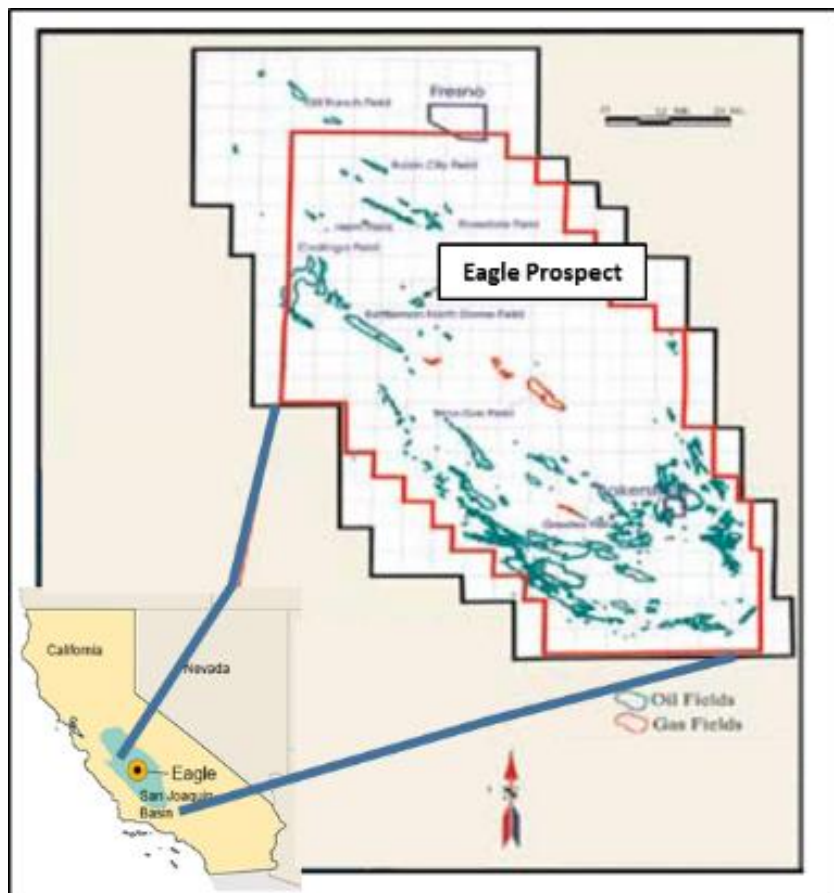
Eagle North-1 (API: 0403120428), an appraisal well, was spudded in 2006 and suspended later in the year after an unsuccessful perforation attempt and the project was halted in 2007, despite continuing indications of oil shows in the primary target.

Lakes Blue Energy ascribes no value to its interest in the Eagle Prospect and is looking to dispose of the asset.

Table 3-3: Summary of Eagle Prospect, San Joaquin Basin, California

Permit	Permit Holder	Interest (%)	Grant date	Expiry	Area (km ²)
Eagle	Lakes Oil N L.	17.964	01/07/2015	30/06/2022	16.0

Figure 3-5: Eagle Prospect – onshore San Joaquin Basin, California, USA



Source: Lakes Blue Energy

4 Review opinion

Lakes Blue Energy's focus on its short-term exploration activities will be to progress ATP 1183 in Queensland and drill one of the mapped prospects. Lakes Blue Energy can also in parallel advance its Nangwarry-1 CO₂ discovery wells in South Australia (PRL 249) with Vintage Energy. Lakes Blue Energy is currently investigating potential development options of producing CO₂ for industrial, medical and food use.

PNG offers a number of exploration opportunities and Lakes Blue Energy intends to drill the Buna-1 well and is progressing discussions with potential farm-in partners to fund the well. Lakes Blue Energy ascribes no value to its interest in the Eagle Prospect and is looking to dispose of the asset.

The Victorian Government's moratorium on onshore conventional petroleum was lifted on 30 June 2021 and a new onshore conventional petroleum regulatory framework was released on 22 November 2021. Lakes Blue Energy is now able to seek approvals to undertake exploration activities in the onshore Otway and Gippsland basins.

It is SRK's opinion that the Prospective and Contingent Resources summarised in this Report are reasonable and have been prepared in accordance with the definitions and guidelines contained within the PRMS and generally accepted petroleum engineering and evaluation principles as set out in the SPE Reserves Auditing Standards. An extract of the PRMS definition is included in Appendix A.

Lakes Blue Energy has provided SRK with all the necessary information including well reports, maps, production and pressure information, and third-party independent assessments in electronic form supplemented with discussions between SRK and Lakes Blue Energy personnel.

Closure

This Independent Geologist's Report on the Petroleum Assets of Lakes Blue Energy Assets in Australasia, was prepared by

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Gerry McCaughan
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Petroleum Resources Management System

This report references the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, as revised in June 2018 (PRMS). The full text of the PRMS document can be viewed at:

https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf.

Definitions of the key PRMS Reserves and Resource classes, categories and a glossary of related terms can be found at the above address.

Figure A1: Resources classification framework

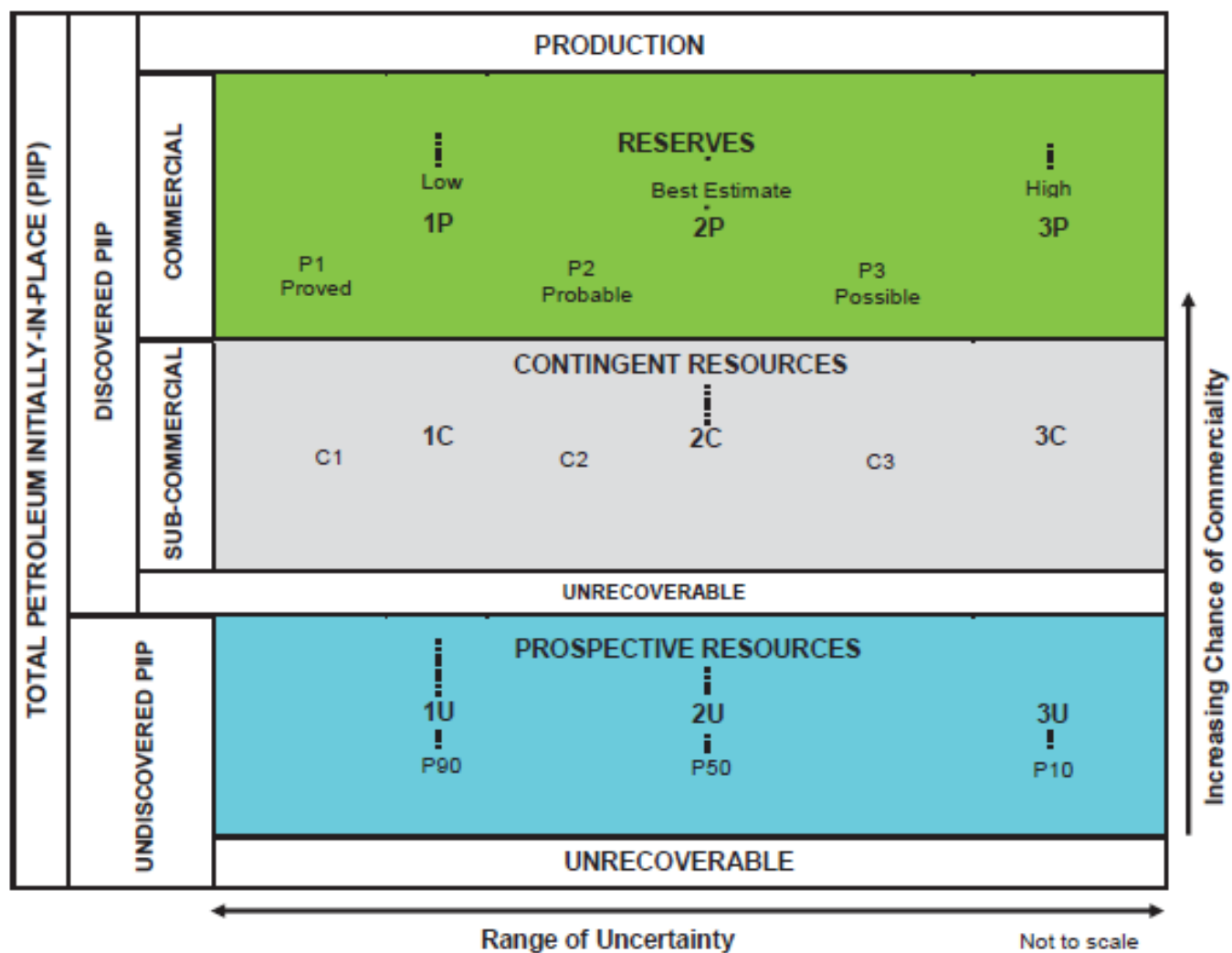


Figure A2: Sub-classes based on project maturity

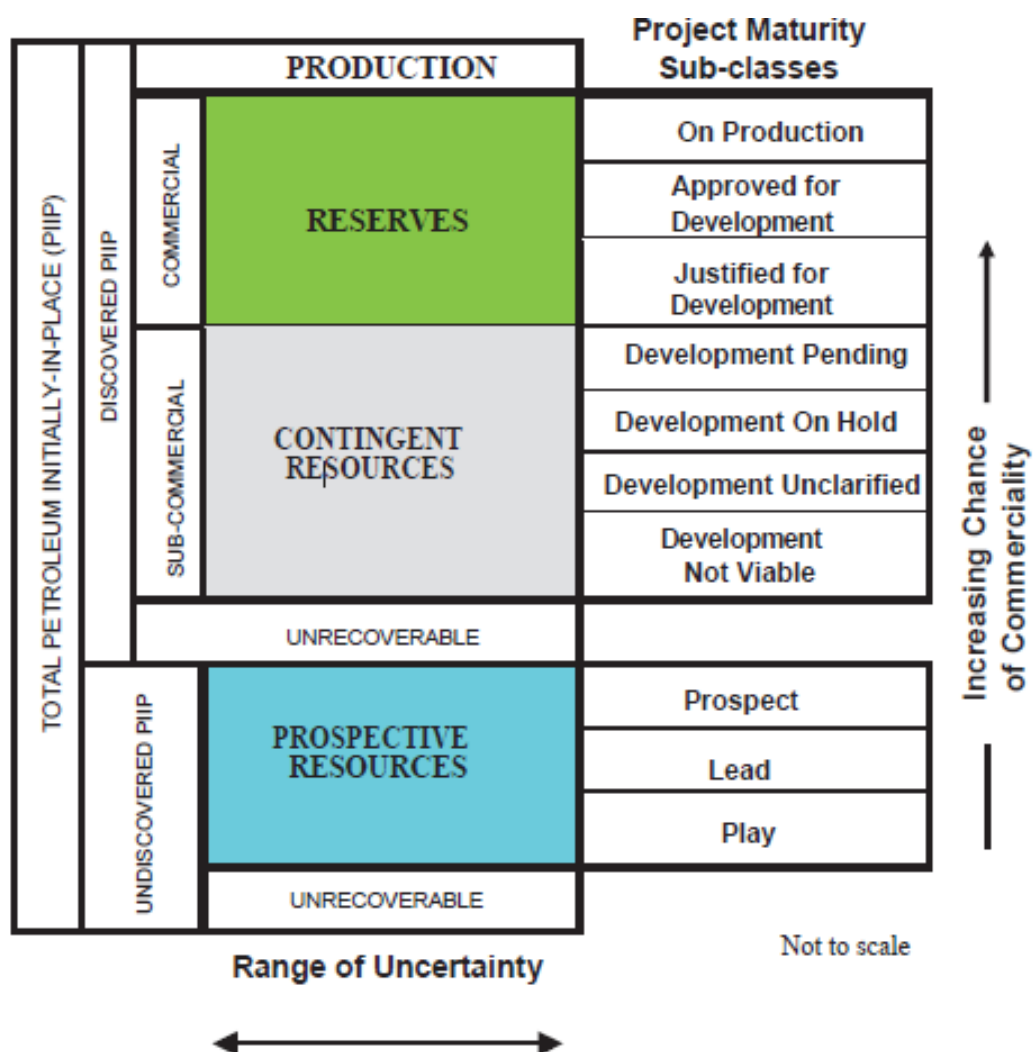


Table A1: Recoverable Resources classes and sub-classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Class/Sub-Class	Definition	Guidelines
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame). There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

Class/Sub-Class	Definition	Guidelines
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table A2: Reserves status definitions and guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table A3: Reserves category definitions and guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Category	Definition	Guidelines
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

Appendix B Victorian petroleum wells details (PRL 2 and PRL 3)

Well name	Status	Rig released date	Total depth (m)
Anglesea-1	P&A	31/07/1922	140.8
Anglesea-1a	P&A	09/11/1962	3,067.8
Anglesea-2	P&A	31/12/1922	229.5
Ballangeich-1	P&A	29/07/1987	1,249.9
Banganna-1	P&A	18/02/2003	2,125.0
Baudin-1	P&A	03/10/1999	426.0
Bellarine-1	P&A	31/08/2005	2,139.0
Bellbird-1	P&A	11/12/1963	763.0
Boola-1	P&A	22/08/1925	558.0
Boola-2	SUS	04/07/2007	1,887.0
Boundary Creek-1	P&A	24/09/2001	218.0
Boundary Creek-1a	P&A	24/09/2001	–
Boundary Creek-2	P&A	24/11/2005	2,341.0
Broadbill-1	P&A	31/01/1998	1,345.0
Bunga Creek-1	P&A	25/11/2002	364.5
Bunga Creek-2	P&A	20/03/2003	351.2
Burong-1	P&A	10/11/1985	1,259.0
Carrs Creek 1	P&A	10/04/1963	1,679.0
Colquhoun Vic Gov-10	C&A	31/12/1941	421.0
Colquhoun Vic Gov-11	Abandoned	31/12/1941	377.0
Colquhoun Vic Gov-2	Abandoned	31/12/1927	296.9
Colquhoun Vic Gov-9	Abandoned	31/12/1930	379.5
Cross Roads-1	P&A	04/06/1971	1,039.4
Deadman Hill-1	P&A	30/05/2002	–
Echidna High-1	P&A	25/03/2005	1,868.0
Enterprise-1		21/11/2020	–
Fergusons Hill-1	P&A	03/06/1964	3,545.7
Findra-1	P&A	02/07/2004	889.0
Fosters Bore-1	P&A	31/12/1936	384.0
Gangell-1	P&S	01/02/2001	2,350.0
Geelong Flow Oil-1	P&A	20/01/1950	624.8
Gippsland-1	Abandoned	29/06/1940	538.0
Gippsland-2	Abandoned	15/06/1940	337.0
Gippsland-3	Abandoned	12/12/1941	460.0
Gippsland-4	Abandoned	31/12/1947	395.0
Gippsland-5	Abandoned	28/08/1948	398.0
Gippsland-6	Abandoned	24/12/1949	401.0
Greenslopes-1	P&A	11/01/1986	2,608.0
Hawkesdale-1	P&A	30/12/1969	1,773.9

Well name	Status	Rig released date	Total depth (m)
Hazelwood-1	P&A	30/04/2007	2,081.0
Hindhaugh Creek-1	P&A	10/11/1969	2,371.6
Holdgate-1	Dry	09/07/2012	2,752.0
Houghton-1	Abandoned	31/12/1936	387.0
Hunters Lane-1	P&A	15/10/1997	422.5
Imray Bore-1	P&A	31/12/1938	388.0
Kalimna-1	P&A	10/01/1930	449.0
Kalimna-2	P&A	31/12/1930	428.6
Keystone-1	P&A	19/02/1972	1,959.9
Killara-1	P&A	29/06/1991	2,409.0
Killarney Eprl-1	P&A	20/06/2004	1,640.8
Koroit West-1	P&A	25/01/2003	859.0
La Trobe-1	Abandoned	24/02/1964	626.0
Lake Reeve-1	P&A	26/04/1965	2,022.0
Lake View-1	Abandoned	31/12/1947	372.0
Lake View-2	Abandoned	31/12/1947	409.0
Lake View-3	Abandoned	31/12/1947	392.0
Lakes Entrance-1	P&A	07/04/1966	422.0
Lakes Entrance Dev-1	Abandoned	31/12/1924	370.0
Lakes Entrance Dev-2	Abandoned	16/05/1928	389.0
Lakes Entrance Oil Shaft-1	Abandoned	17/12/1951	402.3
Lakes Entrance Pure Oil-1	Abandoned	20/09/1947	367.6
Loy Yang-1	P&A	21/10/1994	320.0
Loy Yang-1a	P&A	13/12/1994	1,736.0
Loy Yang-2	C&S	20/03/2006	1,443.0
Macalister-1	P&A	04/04/1988	1,453.0
Macs-1	Abandoned	31/12/1936	399.0
Macs-2	Abandoned	31/12/1936	395.0
Macs-3	Abandoned	31/12/1936	399.0
Mccreesh-1	P&A	25/12/1998	1,803.0
Merriman-1	P&A	19/03/1963	1,829.5
Midfield-1	Abandoned	31/12/1947	397.5
Midfield-2	Abandoned	31/12/1947	398.4
Midfield Glencoe South-1	P&A	31/12/1936	293.0
Midwest-1	P&A	31/12/1928	402.1
Midwest-2	P&A	06/12/1937	1,035.6
Moreys-1	Unknown	12/05/2012	2,300.0
Moyne Falls-1	P&A	26/11/1969	1,008.3
Namgib-1	P&A	04/03/1993	1,387.4

Well name	Status	Rig released date	Total depth (m)
North Seaspray-1	P&A	21/12/1962	1,524.0
North Seaspray-2	P&A	22/02/1965	1,633.0
North Seaspray-3	C&S	19/06/2000	1,170.0
North Seaspray-3 Re	P&A	01/06/2004	1,438.0
North Seaspray-3 Re St1	C&S	01/06/2004	1,294.0
North Seaspray-3 Re St1 Re	P&S	13/12/2004	1,439.0
Oil Search Colquhoun-1	Abandoned	31/12/1933	389.0
Oil Search Colquhoun-2	Abandoned	31/12/1933	360.0
Oil Search Colquhoun-3	Abandoned	31/12/1933	389.0
Oilco-1	P&A	12/10/1957	416.1
Paaratte-1	P&A	09/09/1963	618.4
Petrotech-1	P&A	09/03/1997	431.4
Pilot Bore-1	C&A	03/06/1947	402.6
Point Addis-1	Abandoned	19/02/1930	441.4
Point Addis-2	Abandoned	02/07/1930	289.1
Point Addis-3	Abandoned	31/12/1930	378.0
Point Addis-4	Abandoned	31/12/1931	410.6
Port Campbell-2	Water	16/09/1960	2,696.3
Port Fairy-1	Water	24/01/2002	1,550.0
Pretty Hill-1	P&A	22/10/1962	2,477.7
Princes-1	P&A	06/04/1986	1,150.0
Protea-1	P&A	19/06/2002	825.0
Purrumbete-1	P&A	01/08/1968	1,828.8
Rosedale-1	Abandoned	17/05/1960	1,787.0
Ross Creek-1	P&A	09/05/1974	3,659.1
Seaspray-1	P&A	07/02/1964	1,693.5
Seaview-1	Water	14/04/1981	1,235.0
Sherbrook-1	P&A	19/12/1963	1,656.3
South Australian Oil Wells Colquhoun-1	Abandoned	31/12/1930	383.0
South Australian Oil Wells Colquhoun-2	Abandoned	31/12/1930	398.0
South Australian Oil Wells Colquhoun-3	Abandoned	31/12/1930	411.0
South Australian Oil Wells Colquhoun-4	P&A	31/12/1930	383.0
South Australian Oil Wells Colquhoun-5	Abandoned	31/12/1930	402.0
South Australian Oil Wells Colquhoun-6	Abandoned	31/12/1930	383.0
South Australian Oil Wells Colquhoun-7	Abandoned	31/12/1930	373.0
South Australian Oil Wells Colquhoun-8	Abandoned	31/12/1930	390.0
South Caramut-1	P&A	20/10/1990	435.0
South Longford-1	P&A	07/01/1964	747.0
Tanjil (No 1 Co)-1	Abandoned	31/12/1930	386.5

Well name	Status	Rig released date	Total depth (m)
Tanjil (No 1 Co)-2	Abandoned	31/12/1930	385.0
Tanjil (No 2 Co)-1	Abandoned	31/12/1932	414.3
Tanjil (No 2 Co)-2	Abandoned	31/12/1932	399.0
Tanjil Pt. Addis-1	P&A	31/12/1939	484.9
Tanjil Pt. Addis-2	P&A	31/12/1939	841.2
Taralea-1	P&A	08/02/1997	2,800.0
Texland-1	P&A	31/12/1933	365.5
Torquay-1	P&A	08/12/1923	442.9
Torquay-2	P&A	13/10/1923	272.5
Torquay-3	P&A	25/01/1924	256.6
Torquay-4	P&A	05/07/1924	217.9
Torquay-5	P&A	27/10/1924	213.4
Torquay-6	P&A	25/01/1924	256.6
Torquay-7	P&A	22/07/1924	250.6
Trifon-1	P&A	30/12/2000	2,570.0
Trifon-2	Sus	15/05/2004	1,267.0
Trifon-2r	Sus	08/08/2004	2,500.0
Tyers-1	P&A	31/12/1922	69.4
Tyers-2	P&A	31/12/1923	155.0
Vogel-1	P&A	17/03/1990	1,398.0
Westgate-1	P&A	24/03/1986	972.0
Westgate-1a	P&A	24/03/1986	1,918.0
Wombat-1	Sus	02/02/2004	–
Wombat-2	Sus	29/04/2004	1,550.0
Wombat-3	Sus	27/10/2004	2,178.0
Wombat-4	Sus	01/12/2009	2,500.0
Woodside-2	P&A	28/02/1957	2,701.0
Woodside-3	P&A	27/07/1956	1,824.0
Woodside-7	P&A	01/01/1957	416.0
Woolsthorpe-1	P&A	14/06/1968	1,971.1
Yallourn North-1a	P&A	08/01/2011	–
Yallourn Power-1	Unknown	30/06/2013	1,201.5
Yarram-1	P&A	15/03/1957	572.0

Annexure B – Australian Tenement Title Report

13 December 2021

The Board of Directors
Lakes Blue Energy NL
Level 3, 480 Collins Street
Melbourne VIC 3000

Dear Members

Solicitor's Report on Tenements

We have been engaged by Lakes Blue Energy NL (**Company**) to prepare this report in connection with the proposed public offering of its Shares and the reinstatement of its shares to official quotation by ASX (**Public Offering**).

The Company intends to issue a prospectus for the offer of 5,453,512,971 fully paid ordinary shares at \$0.0008 per share to raise a minimum of \$2,424,000.00 and a maximum of \$4,362,810.00 (**Prospectus**).

1. Scope

We have been requested to report on certain petroleum tenements in Queensland, South Australia and Victoria and one mining tenement in South Australia in which the Company has an interest (**Tenements**). Details of the Tenements are set out in the Tenement Schedule attached to this report as Annexure A which is to be read in conjunction with this report.

This report is limited to the searches, enquiries and documentation set out in section 2 of this report below.

2. Searches and Reviewed Documentation

For the purposes of preparing this report, we have conducted searches and made enquiries in relation to the Tenements as follows:

- 2.1 searches dated 26 November 2021 of the Business Queensland website in relation to the resource authority public reports published by the Queensland Government in relation to the Queensland Tenements;
- 2.2 searches dated 26 November 2021 from the Queensland Department of Natural Resources and Energy;
- 2.3 searches dated 26 November 2021 by the Department for Energy and Mining of the Mining Tenement Register in relation

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to the tenement documents and extracts available for the South Australian exploration licence;

- 2.4 searches dated 26 November 2021 of the South Australian Resources Information Gateway in relation to the mapping and data extracts available for the South Australian Petroleum Tenements;
- 2.5 review on 26 November 2021 of the "Holders of Petroleum and Geothermal Tenements in South Australia" document current at September 2021 published by the Department for Energy and Mining South Australia in relation to the South Australian Petroleum Tenements;
- 2.6 searches dated 26 November 2021 from the Victorian Department of Environment, Land, Water and Planning;
- 2.7 search dated 26 November 2021 by the Department of Aboriginal and Torres Strait Islander Partnerships of the Cultural Heritage Database and Register maintained pursuant to the *Aboriginal Cultural Heritage Act 2003* (QLD) and the *Torres Strait Islander Cultural Heritage Act 2003* (QLD) with respect to any Aboriginal or Torres Strait Islander cultural heritage recorded in relation to each of the Queensland Tenements;
- 2.8 searches dated 9 December 2021 conducted by the Department of the Premier and Cabinet, Aboriginal Affairs & Reconciliation of the central archive including the Register of Aboriginal Sites and Objects administered by Aboriginal Affairs and Reconciliation in relation to the South Australian Tenements; and
- 2.9 searches dated 26 November 2021 conducted by the National Native Title Tribunal of the records they hold of Native Title Determination Applications, Determinations of Native Title and Indigenous Land Use Agreements over the areas of the Tenements in Queensland, South Australia and Victoria,

collectively referred to as the "**Searches**".

See our comment at section 6.4 of this report in relation to the availability of searches in relation to Aboriginal heritage places, remains or objects registered on the land within the Victorian Tenements.

We have also reviewed the following documents provided to us by the Company in relation to the Tenements:

- 2.10 draft Independent Geologist's Report on the Petroleum Assets of Lake Blue Energy in Australia dated November 2021 prepared by SRK Consulting (Australasia) Pty Ltd;
- 2.11 Trifon Tight Gas Project Farm-in Agreement between Lakes Oil NL (ABN 62 004 247 214) and Petro Tech Pty Ltd (ABN 29 009 116 429) and Jarden Corporation Australia Pty Ltd (ABN 62 010 629 268) dated 13 February 2004; and

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2.12 Letter dated 6 April 2010 from Lakes Oil NL to Jarden Corporation Australia Pty Ltd; and

2.13 Letter dated 2 December 2011 from Armour Energy Pty Ltd to Lakes Oil NL, collectively referred to as the "**Documents**".

3. **Opinion**

As a result of the Searches and Documents we are of the view that, as at the date of the Searches and Documents and subject to the assumptions, qualifications and comments set out in this report, this report provides an accurate statement as to:

- 3.1 the Company's interest in the Tenements;
- 3.2 the validity and good standing of the Tenements; and
- 3.3 native title and Aboriginal cultural heritage interests in respect of the Tenements.

4. **Executive Summary**

Subject to the qualifications and assumptions outlined in this report, the following matters are considered to be material issues in relation to the Tenements:

- 4.1 Title:
 - (a) Queensland Authority to Prospect No.1183P expired on 30 June 2020. A renewal application has been lodged however that application remains pending as at the date of this report.
 - (b) Pending the determination of the South Australian Petroleum Exploration Licence applications, the Company has no secured tenure in the licence areas the subject of those applications but those applications will rank in priority to any subsequently lodged applications in relation to, or overlapping with, the licence areas the subject of the relevant applications.

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4.2 Aboriginal heritage:

- (a) There are many reported and registered Aboriginal heritage sites identified on searches of the public register maintained by Aboriginal Affairs and Reconciliation in relation to the area of the South Australian Tenements. The existence of these sites may restrict or prohibit activities in the areas subject to such sites and within their vicinity and the Company may be exposed to fines and other penalties should their activities on the Tenements, once granted, result in any harm or disturbance to such sites. The Company has been provided with the outcomes of these searches and should ensure it is familiar with the precise location and restrictions relating to all such sites to confirm activities can be conducted without breaching the relevant Commonwealth and State Aboriginal heritage protection provisions. This is likely to involve conducting formal heritage surveys of land within the relevant tenements before any activities are undertaken. It should also be noted that the public register does not include a conclusive record of all sites and therefore there may be further sites which exist on the land within any of the Tenements which are also protected pursuant to the relevant Commonwealth and State legislation.
- (b) There is one cultural heritage site point identified on the public register maintained by the Queensland Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships from the Cultural Heritage Database and Register which is located within the authority area of ATP1183P and which relates to Mandandanji People Artefact scatter. The existence of this site may restrict or prohibit certain activities in the areas on and within the vicinity of this site and the Company may be exposed to fines and other penalties should their activities results in harm or disturbance of the site. The Company should ensure it is familiar with the precise location and restrictions pertaining to the site to confirm the activities which can be conducted without breaching the relevant Commonwealth and State legislated Aboriginal heritage protection provisions. This is likely to involve conducting a heritage survey of the land where activities are proposed within the relevant tenement.
- (c) We cannot ascertain if any Aboriginal places, ancestral remains or objects have been registered on the land within the Victorian Tenements as the Victorian Aboriginal Heritage Register which records all known Aboriginal cultural heritage in Victoria and is maintained pursuant to the *Aboriginal Heritage Act 2006* (VIC) is not publically accessible. The Company is likely to need to undertake a heritage survey of the land where activities are proposed within the Victorian Tenements to determine any Aboriginal cultural heritage exists as this may impact on the activities which can be undertaken on the Victorian Tenements.

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- (d) The public registers do not include a conclusive record of all Aboriginal cultural heritage sites and therefore there may be sites which exist on the land within any of the Tenements which remain protected pursuant to the relevant Commonwealth and State legislation.

4.3 Native title:

- (a) With the exception of the Victorian Offshore Petroleum Exploration Permits (namely VIC/P43(V) and VIC/P44(V)), the land within all other Tenements is affected by various native title determinations, Indigenous Land Use Agreements and/or native title claim applications. It is also possible that further native title claims could be made in relation to the land within any of the Tenements in the future. Our enquiries have not revealed anything to suggest that the Tenements have not been validly granted in compliance with the procedures set out in the *Native Title Act 1993* (Cth). If the Tenements have not been validly granted this would have an adverse impact on the Company's activities pursuant to those Tenements.

5. Description of Tenements

The Tenements comprise a Queensland Authority to Prospect, South Australian Petroleum Retention Licences, Petroleum Exploration Licence Applications and Mining Exploration Licence, Victorian Petroleum Exploration Permits (onshore and offshore) and Petroleum Retention Leases. A list of the Tenements, their material terms and any third party interests disclosed by the Searches and Documents are outlined in the Tenement Schedule attached to this report as Annexure A. The nature and key characteristics of these types of tenements as set out in the relevant legislation for each jurisdiction is detailed below.

5.1 Queensland Authority to Prospect (ATP)

(a) Rights

In Queensland an Authority to Prospect is granted by the Minister under the *Petroleum and Gas (Production and Safety) Act 2004* (QLD) in accordance with the competitive tender process outlined in that Act.

During the term of an Authority to Prospect the authority holder may explore for petroleum, test for petroleum production, evaluate the feasibility of petroleum production and evaluate or test natural underground reservoirs for the storage of petroleum or a prescribed storage gas. The authority holder may also carry out incidental activities which are reasonably necessary for, or incidental to, an authorised activity. However, this does not include constructing or using a structure, other than a temporary structure, for office or residential accommodation and the processing of gaseous petroleum, other than gaseous petroleum produced as an unavoidable result of the Authority to Prospect production testing.

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(b) Term & Renewal

The Authority to Prospect will have a maximum term of 12 years commencing on the grant date or such later date of effect as noted in the Authority to Prospect. The authority holder may apply for the renewal of the Authority to Prospect for a further term of no more than the original or previously renewed term to a maximum cumulative term of 12 years. However, if any part of the area covered by the Authority to Prospect is declared by the Minister as a potential commercial area under the *Petroleum and Gas (Production and Safety) Act 2004* (QLD), then the term of the renewed authority for that part may be for a longer period that ends no later when the relevant declaration of a commercial area ends provided it is no more than the last term of the authority being renewed.

An application for renewal of an Authority to Prospect must be submitted to the Minister no more than 60 business days prior to the expiration date of the Authority to Prospect and no later than the expiration date— applications made after the expiration date of the Authority to Prospect will not be accepted. Further, should the application be made less than 20 business days before the expiry date of the Authority to Prospect the application fee will be an amount which is 10 times the usual fee.

The conditions of a renewed Authority to Prospect may differ from those in the original authority, however the area of such renewed authority must not be more than the area of such authority immediately prior to the renewed authority taking effect.

The Minister may also excise a specified area from the area of an Authority to Prospect or cancel the authority by notice to the authority holder if the authority holder does not make an appropriate application for a petroleum lease in circumstances where the Minister reasonably considers petroleum production in the area is currently commercial viable or is likely to become commercially viable within 2 years or a natural underground reservoir in the area is, or is likely to have, commercial storage potential.

(c) Restrictions

Pursuant to the *Petroleum and Gas (Production and Safety) Act 2004* (QLD) an authority holder is prohibited from carrying out any extraction or production of a gasification or retorting product from coal or oil shale by chemical or thermal process, exploration for coal or oil shale to carry out such extraction or production and GHG steam storage.

The Authority to Prospect will be subject to the mandatory conditions set out in the *Petroleum and Gas (Production and Safety) Act 2004* (QLD) (as applicable) including (without limitation) relinquishment requirements (see further discussion below at paragraph (d)),



notification requirements about production testing and storage testing, restrictions on flaring or venting petroleum in a gaseous state, payment of royalties and annual rent and work program requirements amongst other things.

The Authority to Prospect may also be subject to an Australian market supply condition which means the authority holder must only sell gas produced from the tenure (or a subsequent lease) to customers within Australia so as to increase gas supplies and lower prices for domestic users.

We are not in a position to confirm compliance with the abovementioned conditions (as applicable).

(d) Relinquishment of authority area

It is a mandatory condition of an Authority to Prospect that its holder relinquish part of its area (in most circumstances being 50% of the original notional sub-blocks of the authority) by the end of the relinquishment day. The relinquishment day will be the day before the 6th anniversary of the day the authority took effect (with additional relinquishment times being required in certain circumstances as outlined in section 65 of the *Petroleum and Gas (Production and Safety) Act 2004* (QLD)).

The requisite relinquishment notice must be lodged by the authority holder to give effect to the relinquishment and comply with the relinquishment condition. A failure to lodge the relinquishment notice within 20 business days of receiving a notice requiring the authority holder to do so may result in the Authority to Prospect being cancelled.

If the authority holder has made an application for a petroleum lease and that application has not been decided by the end of the relinquishment day, then compliance with the relinquishment condition will not be required until that application has been determined or withdrawn.

(e) Transfer

An Authority to Prospect can be transferred under the *Mineral and Energy Resources (Common Provisions) Act 2014* (QLD), however, if it is an assessable transfer it must be approved by the Minister and registered to have effect under section 17 of that Act. If it is a non-assessable transfer then notification must be provided to the chief executive and the transfer registered to give the transfer effect under section 17A of that Act.

5.2 South Australian Petroleum Exploration Licences & Applications (PEL/PELA)

(a) Rights



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In South Australia a Petroleum Exploration Licence is granted under the *Petroleum and Geothermal Energy Act 2000* (SA) for one or more areas which in total cannot exceed 10,000km². Where directed by the Minister, an exploration licence may be applied for and granted by way of the tender process outlined in that Act.

During the term of an exploration licence, the licensee may carry out in the licence area exploratory operations for petroleum and operations to establish the nature and extent of a discovery of petroleum (including producing petroleum from a well in the licence area for no more than 10 days in aggregate with any longer period being subject to the Minister's approval) and to establish the feasibility of production and appropriate production techniques.

A licensee who holds an exploration licence is also entitled (subject to compliance with the terms of the *Petroleum and Geothermal Energy Act 2000* (SA) to the grant of a corresponding retention licence or a corresponding production licence for petroleum discovered in the licence area. The Minister may also direct a licence holder by written notice to apply for a production licence for the relevant area within a period specified in the notice (being at least 6 months) with such notice to be issued following consultation with the licence holder and in circumstances where in the Minister's opinion production of a regulated resource is currently commercially feasible within the whole or a specified part of the licence area. Failure to apply for a production licence within the specified timeframe may result in the Minister excising the relevant area from the exploration licence, calling for tenders for the grant of a production licence and granting a production licence to the applicant who submits the successful tender.

(b) Term & Renewal

The term of an exploration licence is 5 years and, if permitted pursuant to the terms of the exploration the licence, may be renewable for a further term, or 2 further terms, as specified by the Minister at the time of the grant of the licence. However, a condition of the renewal of an exploration licence is the excision of the licence area (see further discussion below at paragraph (d) in this regard.

An application for renewal of an exploration licence must be submitted to the Minister at least 2 months before the end of the licence term preceding the proposed renewal date. If that application is made before the end of the term of the licence, the licence term is extended until the application has been determined.

As a condition of granting or renewing a licence, the Minister may require the application to give security of a kind and amount acceptable to the Minister for the satisfaction of the licensee's obligations under the *Petroleum and Geothermal Energy Act 2000* (SA) or the licence.



(c) Restrictions

All exploration licences are subject to the mandatory conditions set out in the *Petroleum and Geothermal Energy Act 2000* (SA) including in relation to the use of information and records, the classification of activities conducted under the licence as high or low level official surveillance and the approval and notice requirements relating to such classification (this classification may also impact the amount of the applicable licence fee) and the requirement that the licensee have adequate technical and financial resources to ensure compliance with the licensee's environmental obligations. It is also a mandatory condition of all exploration licences that the licensee carry out work in the licence area in accordance with a work program approved by the Minister.

Exploration licences may also be granted (or renewed) subject to such additional terms or conditions as the Minister thinks fit and which are specified in the licence.

Non-compliance with any licence condition is an offence under the *Petroleum and Geothermal Energy Act 2000* (SA) with a maximum penalty of \$120,000.00. We are not in a position to confirm compliance with the conditions noted in the South Australian Tenements.

(d) Excision of licence area

The renewal of an exploration licence must provide for the excision of the licence area of an area equal to:

- (1) at least 50% of the original licence area on renewal where the licence is renewable for one further term;
- (2) at least 33⅓% of the original licence area, on each renewal, where the licence is renewable for 2 further terms renewal; or
- (3) such area as determined by the Minister following receipt of a proposal from the licensee or following a proposal being put to the licensee by the Minister,

with such area of excision to be reduced by an amount equal to the area of any production or retention licence granted during the immediately preceding term of the exploration licence.

(e) Transfer

The transfer of an exploration licence is a registrable dealing which cannot take effect unless the Minister has approved and registered the dealing pursuant to the *Petroleum and Geothermal Energy Act 2000* (SA), however this can be applied retrospectively.



(f) Compatible Licences

Pursuant to the *Petroleum and Geothermal Energy Act 2000* (SA), the licence area of an exploration licence may also be subject to a compatible licence dealing with geothermal energy or gas storage (provided that the relevant exploration licence does not relate to geothermal energy or gas storage).

Where there are areas which are overlapped by 2 or more compatible licences and a licensee discovers a regulated resource in such an area, the rights under the *Petroleum and Geothermal Energy Act 2000* (SA) in respect of that discovery will attach to the licensee who holds a licence for the relevant regulated resource of the relevant kind whether or not that licensee actually made the discovery.

(g) Applications

An application for an exploration licence made in accordance with the *Petroleum and Geothermal Energy Act 2000* (SA) will, for the purposes associated with its consideration and any grant of an exploration licence, rank ahead of any other application for an exploration licence for an overlapping area received by the Minister after the time that the Minister received the relevant application. However, this does not apply to applications received in response to a call for tenders or if the Minister cancels the ranking on the grounds stipulated in that Act.

If an applicant fails to provide any information, documentation or materials requested by the Minister in relation to an application within the reasonable time allowed by the Minister (being not less than 30 days) the application will lapse. Further, the Minister may offer a licence to an applicant on the condition that the applicant return the executed licence to the Minister within a specified period and the failure to do so may result in the offer lapsing and the licence being offered to someone else.

5.3 South Australian Petroleum Retention Licence (PRL)

(a) Rights

In South Australia a Petroleum Retention Licence is granted under the *Petroleum and Geothermal Energy Act 2000* (SA) for an area not exceeding 100km² and twice the area under which the discovery is likely to extend.

A retention licence authorises the licensee to carry out in the licence area (and in accordance with the terms of the licence) operations to establish the nature and extent of a discovery of regulated resources, operations to establish the commercial feasibility of production and appropriate production techniques and other regulated activities as specified in the licence.



The Minister may direct a licence holder by written notice to apply for a production licence for the relevant area within a period specified in the notice (being at least 6 months) with such notice to be issued following consultation with the licence holder and in circumstances where in the Minister's opinion production of a regulated resource is currently commercially feasible within the whole or a specified part of the licence area. Failure to apply for a production licence within the specified timeframe may result in the Minister excising the relevant area from the retention licence, calling for tenders for the grant of a production licence and granting a production licence to the applicant who submits the successful tender.

(b) Term & Renewal

The term of a retention licence is 5 years and may be renewed from time to time for a further term but only if the Minister is satisfied that production is not currently commercially feasible but is more likely than not to become commercially feasible within the next 15 years.

An application for renewal of a retention licence must be submitted to the Minister at least 2 months before the end of the licence term preceding the proposed renewal date. If that application is made before the end of the term of the licence, the licence term is extended until the application has been determined.

As a condition of granting or renewing a licence, the Minister may require the application to give security of a kind and amount acceptable to the Minister for the satisfaction of the licensee's obligations under the *Petroleum and Geothermal Energy Act 2000* (SA) or the licence.

(c) Restrictions

The mandatory and discretionary conditions and consequences for non-compliance outlined above at paragraph 5.2(c) of this report also apply to retention licences.

A retention licence may also include a mandatory condition requiring the licensee to carry out work, in accordance with a work program approved by the Minister, for either or both of the following purposes:

- (1) to establish the nature and extent of a discovery of regulation resources;
- (2) to establish the commercial feasibility of production and appropriate production techniques.

(d) Transfer

The transfer of a retention licence is a registrable dealing which cannot take effect unless the Minister has approved and registered the dealing



pursuant to the *Petroleum and Geothermal Energy Act 2000* (SA), however this can be applied retrospectively.

(e) Compatible Licences

The comments above at paragraph 5.2(f) of this report in relation to the grant and treatment of compatible licences also applies to retention licences.

5.4 Moratorium

The moratorium on hydraulic fracturing pursuant to section 11A of the *Petroleum and Geothermal Energy Act 2000* (SA) voids any condition in a licence (granted before or after the commencement of the moratorium) that purports to authorise the carrying out of hydraulic fracturing for a period of 10 years commencing on 1 November 2018.

5.5 South Australian Mining Exploration Licence (EL)

(a) Rights

In South Australia, exploration licences are granted by the Minister under the *Mining Act 1971* (SA). An exploration licence authorises the holder of the licence to carry out exploration operations of a kind described in the licence in respect of land described, or referred to, in the licence. However, such licences will not be granted in relation to extractive minerals and do not authorise the licence holder to carry out exploration operations for precious stones on land within a precious stones field that is outside an opal development area or on land within an exclusion zone under the *Opal Mining Act 1995* (SA).

(b) Term & Renewal

An exploration licence is granted for an initial term up to 6 years and may be renewed such that the maximum term of the licence is 18 years (noting that in most circumstances from the 12th anniversary of the grant date the licence area must be reduced by at least 50%).

If the licence is granted for a term of less than 6 years, the licence may include a right of renewal but not so the aggregate term of the licence exceeds 6 years. In the absence of a right of renewal, a licence may be renewed at the discretion of the Minister from time to time, however, as noted above, the licence area will be reduced by 50% from the 12th anniversary of the grant date.

An application for renewal must be made to the Minister:

- (1) before the date of expiry of the licence – in relation to an exploration licence granted or previously renewed after 1 January 2021;



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- (2) 30 days prior to the expiry date – in relation to exploration licences granted or previously renewed prior to 1 January 2021 and which are at the end of their 1st, 2nd, 3rd or 4th year; or
- (3) prior to the expiry date but no earlier than 3 months prior – in relation to exploration licences granted or previously renewed prior to 1 January 2021 at the end of their 5th year and if renewed, the exploration licence will be considered to be:
 - (A) at the commencement of its 7th year where the licence has been held for 0-10 years (i.e. first subsequent licence or a new licence). These licences will require a 50% area reduction in 6 years' time; or
 - (B) at the commencement of its 13th year where the licence has been held for 10 or more years (i.e. second or later subsequent licence) and the requirement for a 50% area reduction at the 12th anniversary of the grant date will not apply to these renewals. These licences will expire in 6 years' time.

If the application for renewal is not determined prior to the expiry of the licence, the licence continues in operation until the application is decided and, if renewed, the renewal dates from the date on which the licence would have expired. The terms and conditions of the licence may be varied by the Minister upon the renewal of the licence.

(c) Restrictions

Exploration licences may be granted subject to such terms or conditions as may be prescribed and to such additional terms or conditions as the Minister thinks fit and which are specified in the licence. The Minister may also limit or define the extent or scope of operations authorised under the licence. We are not in a position to confirm compliance with the conditions noted in the South Australian Tenements.

An exploration licence holder cannot conduct exploration activities under the licence until such time as a Program for Environment Protection and Rehabilitation ("PEPR") has been approved pursuant to section 70B of the *Mining Act 1971* (SA). This PEPR must be complied with by the licence holder and it is an offence under the *Mining Act 1971* (SA) to fail to do so.

(d) Expenditure

It is a condition of exploration licences that the licence holder achieve the minimum expenditure (known as the expenditure commitment) specified in the licence in or in relation to the licence on operations carried out under the licence. Statements in relation to the expenditure and operations must be furnished to the Minister every 2 years or such



other period as determined by the Minister during the term of the licence.

(e) Transfer

An exploration licence cannot be transferred, assigned, sublet or held subject to a trust without the consent of the Minister. In considering a transfer of an exploration licence the Minister considers whether the transfer is inconsistent with any provision of the *Mining Act 1971* (SA) or associated regulations and whether the transferee has adequate technical, operational and financial capabilities and resources to carry out operations under the licence. The transfer must be registered.

5.6 Victorian Onshore Petroleum Exploration Permit (PEP)

(a) Rights

In Victoria an onshore petroleum exploration permit is granted by the Minister pursuant to the *Petroleum Act 1998* (VIC) over a maximum area of 12,500km² and authorises the permit holder to (in accordance with the terms of the permit) carry out petroleum exploration in the permit area and do any thing in that area that is necessary for, or incidental to, that purpose.

Applications for onshore petroleum exploration permits are only available when the Minister invites tenders in accordance with the tender process outlined in the *Petroleum Act 1998* (VIC).

An exploration permit holder is entitled (and may be required by the Minister) to:

- (i) apply for a retention lease or a production licence in respect of any part of the permit area in which petroleum has been discovered during the term of the permit; and
- (ii) be granted a production licence if it has complied with all applicable laws and the conditions of the exploration permit and retention lease (if any).

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(b) Term and Renewal

An exploration permit has a term of 5 years commencing on the date of registration of the permit on the petroleum register.

An exploration permit may be renewed once by application to the Minister for a further term of 5 years. On renewal, the permit area must be reduced by at least 50% (except in the specific circumstances specified in section 32(4) of the *Petroleum Act 1998* (VIC)). An exploration permit will not be renewed if the key objects of the proposed work program have not been achieved to the maximum extent practicable unless the Minister is satisfied that the failure was the result of events beyond the control of the permit holder. An application for renewal must be submitted to the Minister at least 90 days before the permit is due to expire, however the Minister has the discretion to consider an application submitted after this deadline but prior to the expiry date of the permit provided the applicant pays the requisite late fee.

If an application for renewal has not been determined at the expiry of the permit the original permit will continue in force until the application is determined, withdrawn or lapses.

(c) Restrictions

An onshore exploration permit may be granted subject to such conditions as the Minister considers appropriate and which are specified in the permit. However, all onshore exploration permits will be subject to a mandatory condition that the holder comply with all application laws in carrying out any activity under the permit and any conditions specified in a land use activity agreement under section 31(3) of the *Traditional Owner Settlement Act 2010* (VIC) that were accepted by the permit holder. With the exception of the mandatory conditions noted above, the Minister may vary any condition imposed on the permit unilaterally or by consent and may also on the application of the permit holder suspend any condition for a period of up to 1 year. If the Minister does suspend a condition, the Minister may also extend the term of the permit by a period not exceeding the period of the suspension.

(d) Transfers

An exploration permit may be transferred with the Minister's approval. An exploration permit holder may also apply to the Minister to transfer part of the area of the exploration permit to another person, however, a partial transfer will only be approved if in the Minister's opinion such a transfer will maintain or increase petroleum operations in the area and it is in the best interests of the people of Victoria.



5.7 Victorian Offshore Exploration Permits

(a) Rights

In Victoria, offshore exploration permits in relation to permit areas within Victorian state waters (being within 3 nautical miles or 5.56km of the Victorian coast) are granted pursuant to the *Victorian Offshore Petroleum and Greenhouse Gas Storage Act 2010* (VIC). Offshore exploration permits in relation to permit areas in Commonwealth waters are granted pursuant to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth). For the purposes of this report, discussion will be limited to the Victorian legislation on the understanding that the Victorian offshore exploration licences are located within Victorian state waters only.

Pursuant to the *Victorian Offshore Petroleum and Greenhouse Gas Storage Act 2010* (VIC), a petroleum exploration permit authorises the holder (in accordance with the conditions of the permit) to explore for petroleum in the permit area, to recover petroleum on an appraisal basis in the permit area and to carry on such operations and execute such works in the permit area as are necessary for those purposes.

There are 4 types of petroleum exploration permits:

- (1) work-bid petroleum exploration permit which is granted on the basis of a work program bidding;
- (2) cash-bid petroleum exploration permit which is granted on the basis of a cash bidding;
- (3) special petroleum exploration permit which is granted over a surrendered block or certain other blocks; and
- (4) boundary-change petroleum exploration permit which is granted as a result of a change in the boundary of the offshore area.

If a petroleum pool is identified within the permit area, the Minister may declare a location over the blocks to which the petroleum pool extends and the permit holder may then apply for a petroleum retention lease or petroleum production licence.

(b) Term and Renewal

An offshore petroleum exploration permit (other than a boundary-change petroleum exploration permit) will have a term of 6 years commencing on the date on which the permit is granted or such later date as specified in the permit as the day on which the permit is to come into force. A boundary-change petroleum exploration permit will be granted for an initial term of either 5 years if granted pursuant to section 101A(4) of the *Victorian Offshore Petroleum and Greenhouse*



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Gas Storage Act 2010 (VIC) or 12 years if granted pursuant to section 101A(5) of that Act.

Offshore petroleum exploration permits may be renewed for a further period of 5 years (unless the permit or a related notice specifies otherwise or it has been previously renewed and a further renewal is prohibited under the Act).

If a permit over a block (or blocks) cannot be renewed or further renewed and before the time when the permit would otherwise expire, the permit holder applies to the Minister for the grant of a petroleum retention lease or production licence over such blocks then the permit will continue in force over the blocks covered by the application until the application is determined, withdrawn or lapses.

An application for renewal of a cash-bid petroleum exploration permit will be subject to the standard halving rules as outlined in section 106 of the *Victorian Offshore Petroleum and Greenhouse Gas Storage Act 2010* (VIC) which specifies the maximum number of blocks in relation to which an application for renewal may relate.

(c) Restrictions

The Minister may grant an offshore petroleum exploration permit subject to whatever conditions the Minister thinks appropriate and which are specified in the permit. For example, a work- bid petroleum exploration permit may be subject to conditions requiring the permit holder to carry out work in, or in relation to, the permit area and which relate to the amounts the permit holder must spend in carrying out such work. However, a cash-bid petroleum exploration permit must not be granted subject to those conditions pursuant to section 76 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2010* (VIC).

If petroleum is discovered in a petroleum exploration permit area the permit holder must immediately inform the Minister of any petroleum discovered and provide written notice setting out details of the discovery within 3 days after the discovery. Penalties apply for failing to comply with this requirement.

(d) Transfer

The transfer of an offshore petroleum exploration permit must be approved by the Minister and an instrument of transfer registered under the *Victorian Offshore Petroleum and Greenhouse Gas Storage Act 2010* (VIC).

5.8 Victorian Petroleum Retention Lease (PRL)

(a) Rights



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In Victoria petroleum retention leases are granted pursuant to the *Petroleum Act 1998* (VIC). The holder of the retention lease is authorised to (in accordance with the terms of the lease) carry out petroleum exploration in the lease area, do anything in the lease area that is necessary for, or incidental to, that purpose and retains a right to apply for a production licence in respect of the lease area without complying with any requirement that there might otherwise be under the *Petroleum Act 1998* (VIC) to carry out a work program in respect of the area.

(b) Term and Renewal

A retention lease commences on the day it is registered on the petroleum register, continues for a term of up to 15 years and cannot be renewed.

5.9 Victorian Moratorium

A moratorium on carrying out onshore petroleum exploration and petroleum production in Victoria was imposed in 2017 and subsequently overturned with effect from 1 July 2021. Of relevance to the overturning of the moratorium is that retention leases and exploration permits in force immediately before the moratorium commenced are to be reset as of 1 July 2021 such that the term of such permit or lease will be valid for a further 5 years ending on 1 July 2026. On 1 January 2021 a new work program was also required to be submitted for the Minister's approval by holders of an exploration permit or retention lease. Variations to existing operation plans or submission of a new operation plan may also be required prior to recommencing activities under a permit or lease on or after 1 July 2021. However, the permanent ban on hydraulic fracturing and coal seam gas exploration and extraction remains in effect and has been enshrined in the Victorian Constitution.

6. Aboriginal Heritage

The land the subject of the various Tenements may contain sites of Aboriginal heritage or significance. The Tenure Schedule attached to this report as Annexure A specifies where any such Aboriginal heritage sites are recorded on the relevant public registers maintained under the Queensland and South Australian Aboriginal heritage legislation (which is further discussed below) as existing over the land which includes areas within the Tenements.

Commonwealth and State Aboriginal heritage protection legislation will apply to the land within the Tenements (whether or not any heritage is recorded on the relevant registers maintained pursuant to such legislation).

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6.1 Commonwealth

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) provides for the preservation and protection from injury or desecration of areas and objects in Australia and in Australian waters that are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An important feature of this Act is the capacity of the relevant Commonwealth Minister to make declarations for the protection and preservation of an area which may have the potential to halt production, exploration or mining activities.

We have not undertaken any searches of any register established under the *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth) for the purposes of this report, such searches have been limited to the relevant State registers.

6.2 Queensland

In Queensland the recognition, protection and conservation of Aboriginal and Torres Strait Islander cultural heritage is governed by the *Aboriginal Cultural Heritage Act 2003* (QLD) and *Torres Strait Islander Cultural Heritage Act 2003* (QLD).

These Acts provide blanket protection of areas and objects of traditional customary and archaeological significance and require anyone who carries out a land-use activity where Aboriginal or Torres Strait Islander cultural heritage is located to take all reasonable and practicable measures to ensure their activity does not harm Aboriginal or Torres Strait Islander cultural heritage (referred to as a duty of care). This may require consultation with the Aboriginal or Torres Strait Islander party if there is a high risk that the activity may harm the cultural heritage and/or the compliance with the gazetted cultural heritage duty of care guidelines, an approved Cultural Heritage Management Plan developed under Part 7 of the Acts, a native title agreement or other agreement with the relevant Aboriginal or Torres Strait Islander party which addresses cultural heritage or native title protection conditions which address cultural heritage.

The Company can be liable for fines of up to \$1,378,500 for causing unlawful harm to Aboriginal and Torres Strait Islander cultural heritage or for breaching the duty of care.

The Searches conducted by the Department of Aboriginal and Torres Strait Islander Partnerships of the Cultural Heritage Database and Register with respect to any Aboriginal or Torres Strait Islander cultural heritage recorded in relation to each of the Queensland Tenements revealed there are no recorded sites, plans or areas on the land within any of the Queensland Tenements.

6.3 South Australia

In South Australia, the *Aboriginal Heritage Act 1988* (SA) protects all Aboriginal sites, objects and remains of significance. Pursuant to that Act, it is an offence to damage, disturb or interfere with any Aboriginal site, object or remains without the authority of the Minister and the Minister may prohibit or restrict



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access to or activities on or in relation to a site or area surrounding a site, object or remains if necessary for its protection or preservation. There are also reporting requirements in relation to any Aboriginal sites, objects or remains discovered. Penalties apply for failure to comply with this Act.

There are many reported and registered Aboriginal heritage sites identified on searches of the public register maintained by Aboriginal Affairs and Reconciliation in relation to the area of the South Australian Tenements. The existence of these sites may restrict or prohibit activities in the areas subject to such sites and within their vicinity and the Company may be exposed to fines and other penalties should their activities on the Tenements, once granted, result in any harm or disturbance to such sites. The Company has been provided with the outcomes of these searches and should ensure it is familiar with the precise location and restrictions relating to all such sites to confirm activities can be conducted without breaching the relevant Commonwealth and State Aboriginal heritage protection provisions. This is likely to involve conducting formal heritage surveys of land within the relevant tenements before any activities are undertaken. It should also be noted that the public register does not include a conclusive record of all sites and therefore there may be further sites which exist on the land within any of the Tenements which are also protected pursuant to the relevant Commonwealth and State legislation.

6.4 Victoria

In Victoria, the *Aboriginal Heritage Act 2006* (VIC) outlines the main requirements in relation to the protection of Aboriginal cultural heritage including places, ancestral remains and objects. Under that Act it is an offence to harm any Aboriginal cultural heritage if the person knew that their actions or omissions would likely result in harm or was reckless or negligent in doing so. However, exceptions apply where such person is acting in accordance with a cultural heritage permit, approved cultural heritage management plan, Aboriginal cultural heritage land management agreement or in accordance with Aboriginal tradition as it relates to such place, ancestral remains or objects and in cases where it is necessary because of an emergency. There are also reporting requirements in relation to the discovery of any Aboriginal cultural heritage in Victoria. Penalties apply for failure to comply with this Act.

We have not undertaken searches to ascertain if any Aboriginal places, ancestral remains or objects have been registered on the land within the Victorian Tenements as the Victorian Aboriginal Heritage Register which records all known Aboriginal cultural heritage in Victoria and is maintained pursuant to the *Aboriginal Heritage Act 2006* (VIC) is not publically accessible.

6.5 Effect of Aboriginal heritage on Tenements

The existence of Aboriginal (or Torres Strait Islander) cultural heritage, sites, objects or places on the land within the Tenements may limit or prohibit activities in the areas on which such Aboriginal (or Torres Strait Islander) cultural heritage, sites, objects or places exist and within their vicinity. The Company may also be liable for fines and other penalties should their activities



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cause any harm, desecration or disruption to such Aboriginal (or Torres Strait Islander) cultural heritage, sites, objects or places. There may also be further Aboriginal (or Torres Strait Islander) cultural heritage, sites and objects which exist on the land within the Tenements that have not been recorded on the relevant registers but remain protected under the relevant Commonwealth and/or State legislation.

The Company may need to undertake heritage surveys prior to undertaking future production and exploration activities on the Tenements to ensure the provisions of the relevant Commonwealth and State Aboriginal heritage legislation (referred to above) are not breached. It is the usual practice of tenement holders to reach agreement with relevant Aboriginal groups to conduct heritage surveys of tenements for the identification and protection or preservation of Aboriginal sites, objects and remains.

7. Native Title

Native title refers to the communal, group or individual rights and interests held by certain Aboriginal people and Torres Strait Islanders to land and waters in Australia. Native title impacts the grant of petroleum and mining tenements in Queensland, South Australia and Victoria and is governed by both Commonwealth and State legislation.

7.1 Commonwealth Native Title Act

The decision of the High Court of Australia in *Mabo and Others v The State of Queensland (No. 2)* (1992) recognised a form of native title which, in the cases where it has not been extinguished, reflected an entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands. As a result of that decision the Commonwealth enacted the *Native Title Act 1993 (Cth)* (**Native Title Act**), which commenced on 1 January 1994, as a means of regulating dealings with native title lands, establishing a mechanism for determining native title claims and validating certain historical acts invalidated because of the existence of native title. The Native Title Act validated (or in the case of acts attributable to a State or Territory, provided for States and Territories to validate) categories of past acts (those which occurred before 1 January 1994) and made provisions for dealing with future acts (generally those which occurred after 1 July 1993 in the case of the making of legislation and on or after 1 January 1994 for any other act).

The Native Title Act was substantially amended in 1998 following another High Court of Australia decision in *Wik Peoples v Queensland* (1996) which found that native title was not extinguished where a leaseholder did not have exclusive possession and the respective rights of the leaseholder and the native title party could co-exist. As part of the amendments to the Native Title Act, certain acts, including the grant of petroleum and mining tenements, which may have been invalidly done during the period 1 January 1994 to 23 December 1996 (known as "intermediate period acts") were validated.



In summary, the Native Title Act provides for the:

- (a) recognition and protection of native title;
- (b) procedures by which native title can be claimed and, if determined to exist, the procedures by which native title can be registered and for compensation to be claimed for the extinguishment or impairment of native title;
- (c) validation of past acts and intermediate period acts that would otherwise have been invalid because of the existence of native title (including the grant of petroleum and mining tenements and ancillary titles granted before 1 January 1994 and between 1 January 1994 and 23 December 1996);
- (d) authorisation of acts which affect native title, known as "future acts", occurring after the introduction of the Native Title Act on 1 January 1994.

The High Court decision in *Western Australia v Ward and Others* delivered in August 2002, held that the rights of a lessee under a validly granted mining lease and the rights of native title parties can co-exist but where these rights conflict, the rights of native title parties must yield to the rights granted to the mining lease holder. This means that the mining lease holder may exercise all the statutory conferred rights without the native title claimants having the right to control the land, restrict access or otherwise require permission for acts to be done.

7.2 State Native Title Acts

Since the Native Title Act only validates past acts and intermediate period acts attributable to the Commonwealth, it provides for States and Territories to make laws for the validation of past acts and intermediate period acts which are attributable to the State or Territory. Each State and Territory Government has enacted complementary native title legislation which, subject to some minor exceptions, validates their past acts and intermediate period acts.

7.3 Extinguishment of Native Title

In *Mabo*, along with recognising the existence of native title, the High Court also determined that native title is capable of being extinguished by an inconsistent legislative or executive act, such as the grant of ordinary freehold or a leasehold interest which confers exclusive possession.

The extinguishing effect of some historical acts has been confirmed by the Native Title Act. The Native Title Act provides that "previous exclusive possession acts" (including certain grants of freehold or leasehold interests that conferred exclusive possession on the holder) will have completely extinguished native title. By contrast, "previous non-exclusive possession acts" (including grants of leasehold interests that conferred non-exclusive possession on the



holder) will only have extinguished native title to the extent of any inconsistency between the native title rights and the rights conferred under the grant.

Searches conducted on 26 November 2021 by the National Native Title Tribunal of the Register of Native Title Determinations revealed that the Native Title Determinations exist over the land which includes areas within some of the Tenements. The details of the specific Determinations and the Tenements to which they overlap are as specified in the Tenement Schedule attached to this report as Annexure A.

7.4 Future Acts and the Right to Negotiate

The grant of a petroleum or mining tenement that "affects" native title will be a future act for the purposes of the Native Title Act. The grant will "affect" native title if it extinguishes the native title rights and interests or it is otherwise wholly or partly inconsistent with their continued existence, enjoyment or exercise. A grant that is a "future act" will only be valid for native title purposes if the Native Title Act provides it is valid.

The grant of a petroleum and/or mining tenement consented to in an Indigenous Land Use Agreement (**ILUA**) entered on the Register of Indigenous Land Use Agreements will be valid. An ILUA is an agreement which meets the requirements of the Native Title Act. An ILUA can set out conditions on which the grant of a petroleum and/or mining tenement is consented to. If the grant would otherwise be subject to the "right to negotiate" procedure referred to below, the agreement must include a statement to the effect that the procedure it is not intended to apply. Once an ILUA is registered, it binds all persons holding native title in relation to any of the land or waters in the area covered by the agreement, whether or not they are a party to the agreement.

Where there is no ILUA, this grant of a petroleum or mining tenement ordinarily triggers a right of native title parties to negotiate with the tenement holder under the Native Title Act about the impact of production, exploration or mining activities on the registered native title rights that are claimed. A State based right to negotiate can operate in lieu of the right to negotiate process under the Native Title Act.

The right to negotiate process generally confers on registered native title claimants and native title holders (**Native Title Parties**) the right to negotiate about proposed production, exploration and mining activities that may affect their native title rights and interests.

The right to negotiate procedure commences with the relevant State Government giving notice of the proposed grant under Section 29 of the Native Title Act.

If four months after the section 29 notice of the proposed grant there are no Native Title Parties (i.e., no registered native title claimants or registered native title bodies corporate for the area concerned), the grant of the tenement may validly proceed with no further reference to native title.

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If the government considers that the future act will have minimal impact on native title, the Section 29 notice can include a statement to the effect that the act attracts the 'expedited procedure'. This means that the government considers that the act should be 'fast-tracked'. If no objection is made within four months after the giving of a notice that the act attracts the expedited procedure (or any such objection is withdrawn or there has been a subsequent determination that the act is an act attracting the expedited procedure) the grant of the tenement can be validly made without negotiating with the Native Title Parties.

Where the expedited procedure does not apply, the normal negotiation procedure must be followed. A period of good faith negotiation follows the giving of notice of the intended grant. Good faith negotiations are held between the Government party, the grantee of the tenement and the native title parties with a view to obtaining the agreement of the native title parties to the proposed grant. If there is no agreement after six months of good faith negotiations, any negotiation party can apply to the National Native Title Tribunal (**Tribunal**) for a determination about whether or not the grant can be made. The Tribunal then determines whether or not the grant may be made (and, if so, any conditions of the grant). A determination of the Tribunal can be overruled by the Commonwealth Attorney-General in certain limited circumstances. The grant of a petroleum or mining tenement will be valid if an agreement is reached to the granting of the tenement or a determination is made by the Tribunal that the grant may be done.

Where the grant of a petroleum or mining tenement is valid because of compliance with the right to negotiate procedure, the renewal or extension of that tenement will be valid under the Native Title Act even if it affects native title, providing the area to which the earlier right relates is not extended, the term of the tenement is no longer than that previously conferred and no rights are created that were not created in connection with the original tenement. Where a tenement is granted in accordance with a consent given in a registered ILUA, the terms of the ILUA would also ordinarily consent to the renewal or extension of the tenement.

Searches conducted by the National Native Title Tribunal on 26 November 2021 of the Register of Indigenous Land Use Agreements and Notified Indigenous Land Use Agreements revealed that there are a number of Indigenous Land Use Agreements which relate to land which includes areas within the Tenements. The details of the specific Indigenous Land Use Agreements and the Tenement(s) to which they overlap are specified in the Tenement Schedule attached to this report as Annexure A. We are unable to review the Indigenous Land Use Agreements as they are confidential documents and therefore we cannot comment on the contents of those Indigenous Land Use Agreements. However, our enquiries have otherwise not revealed anything to indicate that the Indigenous Land use Agreements adversely impact the validity of the Tenements.



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7.5 Native title claims and determinations

A native title determination can be made in favour of Aboriginal people where: they possess rights and interests under the traditional laws currently acknowledged and the traditional customs currently observed; they have a "connection" with the area in question by those traditional laws and customs; and where the rights and interests concerned are recognised by the common law of Australia.

Anyone who claims to hold native title, either alone or with others, may lodge a claim with the Federal Court. The Tribunal will subject the claim to a registration test, and if the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Native Title Act it will be entered on the Register of Native Title Claims maintained by the Tribunal. Thereafter the claim has the benefit of additional procedural rights in respect of future dealings which affect native title. Failure of a claim to pass the registration test does not prevent that claim being considered by the Federal Court nor prevent a determination of native title from ultimately being made by the Court.

The fact that a native title claim is lodged does not necessarily mean that native title exists over the area claimed and native title claims will ultimately be determined by the Federal Court. Conversely, the absence of a native title determination or native title claim over an area of land does not necessarily mean native title does not exist in relation to that land.

Searches conducted by the National Native Title Tribunal on 26 November 2021 of the Schedule of Native Title Determination Applications and the Register of Native Title Claims revealed that Native Title Applications exist over the land which includes areas within some of the Tenements. The details of the specific Applications and the Tenements to which they overlap are as specified in the Tenement Schedule attached to this report as Annexure A.

7.6 Summary of Effect of Native Title on Tenements

Under both the *Native Title Act 1993* (Cth) and the common law, the rights and interests pursuant to validly granted or renewed Tenements will prevail to the extent of any inconsistency between those rights and interests and any native title rights and interests. However, the existence of native title interests or claims may affect the Company's ability to obtain the grant of future tenure over the Tenements. Further, if the Tenements have not been validly granted in compliance with the Native Title Act, there may be an adverse impact for the Company's activities pursuant to the Tenements.

Our enquiries have not uncovered anything to indicate that the Tenements have not been validly granted or renewed in compliance with the procedures set out in the Native Title Act.



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8. Qualifications and Assumptions

This report is based on, and is subject to, the following assumptions and qualifications and those specified elsewhere in this report:

- 8.1 we have relied on the accuracy of information, which information we have not sought to independently verify, obtained by us through on-line searches through the various Departments and the documents provided to us by the Company as referred to in section 2 of this report;
- 8.2 we have relied on that information being accurate, complete and up to date as at the date of its receipt by us or online inspection or examination by us;
- 8.3 we express no opinion about the status of the Tenements after the date of the Searches;
- 8.4 we have not undertaken surveys of the land the subject of the Tenements and we cannot verify the accuracy of those areas;
- 8.5 we have not reviewed any instruments (including registered agreements, transfers and variation documents) relating to the Tenements which were revealed from the Searches and make no comment on the effect of those instruments;
- 8.6 we have not been able to review the licence, permit, authority or lease documents for the Tenements and the therefore we can express no opinion on any special terms and conditions that may be contained in those documents that were not revealed by the Searches conducted;
- 8.7 where compliance with the terms and conditions of the Tenements and the provisions of the relevant legislation is not disclosed on the face of the Searches (including an Annexure to this report), we express no opinion as to such compliance or claim;
- 8.8 we have not, and are unable to, review any Indigenous Land Use Agreements to which the Company is not a party as they are confidential documents and therefore we cannot comment on the contents of those Indigenous Land Use Agreements; and
- 8.9 native title or Aboriginal heritage sites or objects may exist in the areas covered by the Tenements. Whilst we have conducted the Searches to ascertain what native title claims and determinations, if any, have been registered over these areas and any registered sites of Aboriginal heritage, we have not conducted any independent investigations regarding the likely existence or non-existence of native title or Aboriginal heritage sites or objects over the areas covered by the Tenements.



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9. Consent

Piper Alderman has given and has not, before the lodgement of the Prospectus, withdrawn its consent to the issue of the Prospectus with this Report included in it in the form and context in which it appears.

Yours faithfully
Piper Alderman

Per: 

Ashley Watson
Partner

Enc.

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Annexure A – Tenement Schedule

Tenement	Registered Holder	Shares Held	Grant Date/Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
QUEENSLAND TENEMENTS										
ATP 1183P	NAV GAS Pty Ltd	100%	Granted: 12/06/2014 Commenced: 01/07/2014	30/06/2020	Renewal Application Lodged (outcome pending). See Note (1)	175 Sub-blocks		- Relinquishment of sub-blocks Dealing No.316949 dated 19/09/2020 (151 sub-blocks relinquished on 27 May 2020 and 151 sub-blocks relinquished on 28 May 2020) - Initial Work Program approved on 12/06/2014 to commence on 01/07/2014	Native Title: - Mandandanji People QCD2018/001 - Mandandanji People and QGC Pty Limited ILUA QI2010/034 Aboriginal Heritage: There is one cultural heritage site point identified on the search results provided by the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships from the Cultural Heritage Database and Register which is located within the authority area of this tenement and relates to Mandandanji People Artefact scatter.	Permit relates to conventional gas and petroleum
SOUTH AUSTRALIAN TENEMENTS										
PRL 249	Oway Energy Pty Ltd Vintage Energy Limited	50% 50%	04/05/2021	03/05/2026	Active	18.15 km ²		Grant dated 04/05/2021	Native Title: First Nations of the South East #1 (SC2017/002) Aboriginal Heritage: There is one site recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum retention licence.	
PELA 577	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 29/06/2011 (outcome pending).	9,671.5 km ²			Native Title: - Adnyamathanha People No. 2 (SCD2009/001) - Adnyamathanha People No. 1 (Angepena Pastoral Lease) (SCD2009/002) - Adnyamathanha People No. 1 (Stage 1) (SCD2009/003) - Adnyamathanha No 1 - Stage 2 (SCD2014/001) - Yankarinna/Balparana ILUA (SI2011/001) - Adnyamathanha Mineral Exploration ILUA (SI2012/005) - Adnyamathanha Settlement ILUA (SI2014/005) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this	

2.

Tenement	Registered Holder	Shares Held	Grant Date/Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
PELA 578	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 29/09/2011 (outcome pending).	9,334.95 km ²			petroleum exploration licence application.	
									<u>Native Title:</u> - Nukunu Native Title Claim (SC1996/005) - Adnyamathanha People No. 1 (Stage 1) (SCD2009/003) - Adnyamathanha No 1 - Stage 2 (SCD2014/001) - Adnyamathanha People Native Title Claim No. 3 (SCD2015/002) - Bangarla Native Title Claim (SCD2016/001) - Adnyamathanha, Ngadjuri and Wiliyakali Overlap Claim (SCD2018/002) - Nukunu Part A (SCD2019/001) - Adnyamathanha Mineral Exploration ILUA (SI2012/005) - Adnyamathanha Settlement ILUA (SI2014/005) - Nukunu Area 1 Settlement ILUA (SI2019/002) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum exploration licence application.	
PELA 579	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 29/09/2011 (outcome pending).	9,902.3 km ²			<u>Native Title:</u> - Arabana No 2 (SC2013/001) - Adnyamathanha People No. 1 (Stage 1) (SCD2009/003) - Dieri (SCD2012/001) - Arabana People (SCD2012/002) - Adnyamathanha No 1 - Stage 2 (SCD2014/001) - Dieri No.2 Native Title Claim (SCD2014/003) - Arabana No 2 - Part 1 (SCD2021/001) - Adnyamathanha Mineral Exploration ILUA (SI2012/005) - Arabana Parks ILUA (SI2012/016)	

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
									- The Arabana Native Title Claim Settlement ILUA (SI2012/017) - Adnyamathanha Settlement ILUA (SI2014/005) - Dieri Geokinetics ILUA (SI2017/001) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum exploration licence application.	
PELA 601	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 14/11/2011 (outcome pending).	8,279.6 km ²			<u>Native Title:</u> - Kokatha People (Part A) (SCD2014/004) - Kokatha Native Title Claim Settlement ILUA (SI2014/011) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum exploration licence application.	
PELA 602	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 14/11/2011 (outcome pending).	9,593 km ²			<u>Native Title:</u> - Bamgarla Native Title Claim (SC1996/004) - Nukunu Native Title Claim (SC1996/005) - Gawler Ranges People (SCD2011/005) - Kokatha People (Part A) (SCD2014/004) - Bamgarla Native Title Claim (SCD2016/001) - Nukunu Part A (SCD2019/001) - Bamgarla (Port Augusta Proceeding) (SCD2021/002) - Gawler Ranges Mineral Exploration ILUA (SI2012/004) - Siam North Pastoral ILUA (SI2008/007) - Gawler Ranges Native Title Claim Settlement ILUA (SI2012/004) - Cultana Expansion Area ILUA (SI2013/001)	

4.

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
									- Kokatha Native Title Claim Settlement ILUA (SI2014/011) - Barrigarla Determination ILUA (SI2018/003) - Nukunu Area 1 Settlement ILUA (SI2019/002) - Cultana Industrial Estate Crown Land Transfer (No. 1) ILUA (SI2020/002) - Barrigarla Determination ILUA (No.2) (SI2021/001) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum exploration licence application.	
PELA 631	NAV GAS Pty Ltd	100%	N/A	N/A	Application Lodged dated 03/06/2013 (outcome pending).	5,234.8 km ²			<u>Native Title:</u> - Nukunu Native Title Claim (SC1996/005) - Adnyamathanha People No. 1 (Stage 1) (SCD2009/003) - Kokatha People (Part A) (SCD2014/004) - Adnyamathanha People Native Title Claim No. 3 (SCD2015/002) - Barrigarla Native Title Claim (SCD2016/001) - Nukunu Part A (SCD2019/001) - Adnyamathanha Mineral Exploration ILUA (SI2012/005) - Adnyamathanha Settlement ILUA (SI2014/005) - Kokatha Native Title Claim Settlement ILUA (SI2014/011) - Nukunu Area 1 Settlement ILUA (SI2019/002) Aboriginal Heritage: There are multiple sites recorded on Aboriginal Affairs and Reconciliation within the location of this petroleum exploration licence application.	
EL 6606	Mingoola Gold Pty Ltd	100%	26/11/2020	25/11/2022	Active	431 km ²	Committed expenditure: \$334,000.00	None recorded on Searches.	<u>Native Title:</u> Adnyamathanha People No. 1 (Stage 1) (SCD2009/003)	Commodities = base and precious metals

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
									- Bangarla Native Title Claim (SCD2016/001) - Adnyamathanha Mineral Exploration ILUA (SI2012/005) - Adnyamathanha Settlement ILUA (SI2014/005) Aboriginal Heritage: There are no sites recorded on Aboriginal Affairs and Reconciliation within the location of this mineral exploration licence.	
VICTORIAN TENEMENTS										
PEP 163 (Onshore)	Mirboo Ridge Pty Ltd	100% ¹ See Note (2)	19/07/2002	30/06/2026	Active	542 km ²		- Variation (Extension only) ID F90014161 dated 1 July 2021 - Variation (Extension only) ID F90012651 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012081 dated 1 October 2019 - Variation (Suspension and Extension) ID F90011549 dated 1 October 2018 - Variation of Conditions ID F90011135 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010952 dated 30 August 2017 - Variation of Conditions ID F90010644 dated 29 September 2016 - Variation (Suspension and Extension) ID F90010643 dated 29 September 2016 - Variation (Suspension and Extension) ID F90010253 dated 18 October 2015 - Variation (Suspension and Extension) ID F90000146 dated 13 November 2013 - Variation (Suspension and Extension) ID F20001233L dated 7 December 2012 - Variation (Suspension and Extension) ID F20001233K dated 8 May 2012	Native Title: Lara to Birregurra Pipeline (VI2001/007) Aboriginal Heritage: Unknown (not ascertainable from public registers)	

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								- Variation (Suspension and Extension) ID F20001233J dated 12 December 2011 - Variation (Suspension and Extension) ID F20001233I dated 29 September 2010 - Variation (Suspension of Conditions) ID F20001233H dated 14 August 2009 - Variation of Conditions ID F20001233G dated 19 May 2009 - Renewal of Title ID F20001233F dated 4 June 2008 - Agreement ID F20001233E dated 18 May 2006 - Variation of Conditions ID F20001233D dated 19 April 2006 - Variation of Conditions ID F20001233C dated 10 September 2004 - Transfer of Title ID F20001233B dated 29 August 2002 - Grant of Title ID F20001233A dated 19 July 2002		
PEP 166 (Onshore)	Petro Tech Pty Ltd	75%	03/01/2003	30/06/2026	Active	1,753 km ²		- Variation (Extension only) ID F90014152 dated 1 July 2021 - Variation (Extension only) ID F90012652 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012082 dated 1 October 2019 - Variation (Suspension and Extension) ID F90011548 dated 1 October 2018 - Variation of Conditions ID F90011136 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010953 dated 30 August 2017 - Variation of Licence Conditions ID F90010642 dated 29 September 2016 - Variation (Suspension and Extension) ID F90010641 dated 29 September 2016	<u>Native Title:</u> - Gunai/Kurnai People (VCD2010/001) - GunaiKurnai Settlement ILUA (VI2010/003) - Hazelwood, Crown Allotment 2037 ILUA (2013/011) - Eso Pipeline Replacement Project ILUA (VI2015/003) Aboriginal Heritage: Unknown (not ascertainable from public registers)	

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								- Variation (Suspension and Extension) ID F90000148 dated 13 November 2013 - Agreement ID F20001224L dated 24 January 2013 - Transfer of Title ID F20001224K dated 23 January 2013 - Variation (Suspension and Extension) ID F20001224J dated 24 December 2012 - Variation (Suspension and Extension) ID F20001224I dated 8 May 2012 - Variation (Suspension and Extension) ID F20001224H dated 12 December 2011 - Variation (Suspension and Extension) ID F20001224G dated 27 October 2010 - Variation of Conditions ID F20001224F dated 25 March 2009 - Renewal of Title ID F20001224E dated 4 June 2008 - Agreement ID F20001224D dated 16 January 2007 - Variation of Conditions ID F20001224C dated 13 December 2006 - Change of Name ID F20001224B dated 21 November 2005 - Grant of Title ID F20001224A dated 3 January 2003		
PEP 167 (Onshore)	Mirboo Ridge Pty Ltd	100% See Note (2)	02/07/2007	30/06/2026	Active	408 km ²		- Variation (Extension only) ID F90014153 dated 1 July 2021 - Variation (Extension only) ID F90012653 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012281 dated 28 February 2020 - Variation of Conditions ID F90011137 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010954 dated 30 August 2017	Native Title: - Eastern Maar People (VC2012/001) - Kirrae Whurrong and SEA Gas ILUA (V12012/001) Aboriginal Heritage: Unknown (not ascertainable from public registers)	

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								- Transfer of Title ID F90000968 dated 18 September 2014 - Variation (Suspension and Extension) ID F90000735 dated 12 June 2014 - Variation (Suspension and Extension) ID F20002928J dated 8 April 2013 - Renewal of Title ID F20002928I dated 8 March 2013 - Agreement ID F20002928G dated 3 July 2012 - Transfer of Title ID F20002928H dated 3 July 2012 - Variation of Conditions ID F20002928F dated 7 November 2011 - Agreement ID F20002928C dated 17 December 2009 - Transfer of Title ID F20002928E dated 17 December 2009 - Agreement ID F20002928D dated 17 December 2009 - Variation of Conditions ID F20002928B dated 16 June 2009 - Grant of Title ID F20002928A dated 2 July 2007		
PEP 169 (Onshore)	Mirboo Ridge Pty Ltd Armour Energy (Victoria) Pty Ltd	49% See Note (3) 51%	25/06/2007	30/06/2026	Active	1,235 km ²		- Variation (Extension only) ID F90014155 dated 1 July 2021 - Variation (Extension only) ID F90012655 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012083 dated 1 October 2019 - Variation (Suspension and Extension) ID F90011550 dated 1 October 2018 - Variation of Conditions ID F900111387 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010955 dated 30 August 2017 - Variation of Conditions ID F90010646 dated 29 September 2016	<u>Native Title:</u> - Eastern Maar People (VC2012/001) - Birregurra - Paaratte Pipeline (VI2001/002) - Morlake Power Station Project Gas Pipeline (VI2005/016) - Kirrae Whurrong and SEA Gas ILUA (VI2012/001) - BHPP – Minerva (VIA1999/001) Aboriginal Heritage: Unknown (not ascertainable from public registers)	

9.

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								• Variation (Suspension and Extension) ID F90010645 dated 29 September 2016 • Variation of Licence Conditions ID F90010255 dated 23 October 2015 • Variation (Suspension and Extension) ID F90010254 dated 23 October 2015 • Agreement ID F90000676 dated 16 May 2014 • Agreement ID F90000675 dated 16 May 2014 • Agreement ID F90000666 dated 15 May 2014 • Transfer of Title ID F90000655 dated 15 May 2014 • Variation (Suspension and Extension) ID F90000381 dated 30 January 2014 • Variation (Suspension and Extension) ID F20002856I dated 17 May 2013 • Variation (Suspension of Conditions) ID F20002856H dated 24 December 2012 • Variation (Suspension and Extension) ID F20002856G dated 17 April 2012 • Variation (Suspension of Conditions) ID F20002856F dated 21 December 2011 • Variation (Suspension and Extension) ID F20002856E dated 31 August 2011 • Variation (Suspension of Conditions) ID F20002856D dated 29 September 2010 • Variation of Conditions ID F20002856C dated 4 August 2009 • Transfer of Title ID F20002856B dated 12 September 2008 • Grant of Title ID F20002856A dated 25 June 2007		

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
PEP 175 (Onshore)	Mirboo Ridge Pty Ltd	100% See Note (2)	18/04/2013	30/06/2026	Active	1,419 km ²		- Variation (Extension only) ID F90014157 dated 1 July 2021 - Variation (Extension only) ID F90012657 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012354 dated 16 April 2020 - Variation of Conditions ID F90011139 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010956 dated 30 August 2017 - Transfer of Interest ID F90000969 dated 18 September 2014 - Variation (Suspension and Extension) ID F90000738 dated 12 June 2014 - Grant of Title ID F20002929A dated 18 April 2013	Native Title: - Eastern Maar People (VC2012/001) - Gundijimara & Eastern Maar (VCD2011/001) - Kirrae Whurrong and SEA Gas ILUA (VI2012/001) - Gundijimara - SEAGAS Port Campbell VIC to Torrens Island SA Pipeline ILUA (VI2015/002) Aboriginal Heritage: Unknown (not ascertainable from public registers)	
PRL 2 (Onshore)	Petro Tech Pty Ltd	100% See Note (4)	27/02/2007	30/06/2026	Active	747 km ²		- Variation (Extension only) ID F90014158 dated 1 July 2021 - Variation (Extension only) ID F90012658 dated 18 November 2020 - Variation (Suspension and Extension) ID F90012275 dated 20 February 2020 - Variation of Conditions ID F90011140 dated 21 December 2017 - Variation (Suspension and Extension) ID F90010957 dated 30 August 2017 - Variation (Suspension and Extension) ID F90000149 dated 13 November 2013 - Transfer of Title ID F90000059 dated 4 October 2013 - Agreement ID F90000058 dated 4 October 2013 - Variation (Suspension and Extension) ID F20002825M dated 24 December 2012 - Agreement ID F20002725G dated 9 May 2012	Native Title: - Gunaikurnai People Determinations (VCD2010/001) - Gunaikurnai Settlement ILUA (VI2010/003) - Gunaikurnai and Icon Energy ILUA (VI2013/008) - Esso Pipeline Replacement Project ILUA (VI2015/003) Aboriginal Heritage: Unknown (not ascertainable from public registers)	

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								- Transfer of Title ID F20002725L dated 9 May 2012 - Agreement ID F2002725K dated 9 May 2012 - Agreement ID F20002725J dated 9 May 2012 - Agreement ID F20002725I dated 9 May 2012 - Agreement ID F20002725H dated 9 May 2012 - Variation of Conditions ID F20002725F dated 31 May 2011 - Agreement ID F20002725C dated 20 March 2008 - Agreement ID F20002725E dated 20 March 2008 - Agreement ID F20002725D dated 20 March 2008 - Agreement ID F20002725B dated 30 August 2007 - Grant of Title ID F20002725A dated 27 February 2007		
VIC/P43(V) (Offshore)	Petro Tech Pty Ltd	100% See Note (2)	13/10/2014	12/10/2026	Active	5 Blocks		- Variation (Suspension and Extension) ID F90012752 dated 9 February 2021 - Variation (Suspension and Extension) ID F90012750 dated 8 February 2021 - Variation (Suspension and Extension) ID F90012748 dated 5 February 2021 - Variation (Suspension and Extension) ID F90012746 dated 4 February 2021 - Variation (Suspension and Extension) ID F90012541 dated 18 September 2020 - Variation (Suspension and Extension) ID F90012537 dated 17 September 2020 - Grant of Title ID F90001031 dated 16 October 2014 - Variation (Suspension and Extension) ID F90012753 dated 9 February 2021 - Variation (Suspension and Extension) ID F90012751 dated 8 February 2021	Native Title: None recorded in Searches Aboriginal Heritage: Unknown (not ascertainable from public registers)	Offshore permits were awarded under a "work bid" process
VIC/P44(V) (Offshore)	Petro Tech Pty Ltd	100% See Note (2)	13/10/2014	12/10/2026	Active	11 Blocks			Native Title: None recorded in Searches Aboriginal Heritage: Unknown (not ascertainable from public registers)	Offshore permits were awarded under a "work bid" process

Tenement	Registered Holder	Shares Held	Grant Date/ Commencement Date	Expiry Date	Status	Area Size	Minimum Annual Expenditure/ Security Amount:	Registered Dealings/Encumbrances	Native Title and Aboriginal Heritage	Other Notes
								- Variation (Suspension and Extension) ID F90012749 dated 5 February 2021 - Variation (Suspension and Extension) ID F90012747 dated 4 February 2021 - Variation (Suspension and Extension) ID F90012542 dated 18 September 2020 - Variation (Suspension and Extension) ID F90012538 dated 17 September 2020 - Grant of Title ID F90001032 dated 16 October 2014		

NOTE (1): An application for renewal was lodged by the Company. The outcome of that application is pending as at the date of this report.

NOTE (2): We have reviewed and relied on the draft Independent Geologist's Report on the Petroleum Assets of Lake Blue Energy in Australian dated November 2021 prepared by SRK Consulting (Australasia) Pty Ltd provided to us by the Company in relation to the shareholding of the Company (and its associated entities) in respect of each Victorian Tenement.

NOTE (3): We have reviewed and relied on a letter as provided to us by the Company dated 2 December 2011 from Armour Energy Pty Ltd to Lakes Oil NL in relation to the shareholding of Armour Energy (Victoria) Pty Ltd in relation to these tenements.

NOTE (4): We have reviewed and relied on the following documentation provided to us by the Company in relation to the shareholding of Petro Tech Pty Ltd in this tenement:

- (i) Trifon Tight Gas Project Farm-in Agreement between Lakes Oil NL (ABN 62 004 247 214) and Petro Tech Pty Ltd (ABN 29 009 116 429) and Jarden Corporation Australia Pty Ltd (ABN 62 010 629 268) dated 13 February 2004; and
- (ii) Letter dated 6 April 2010 from Lakes Oil NL to Jarden Corporation Australia Pty Ltd in relation to 'Trifon Tight Gas Project – Variation'.

Annexure C – PNG Tenement Title Report

TENEMENT REPORT

1. This report is prepared at the request of Lakes Blue Energy to confirm the status of petroleum tenements in Papua New Guinea (PNG), for the purposes of inclusion in their prospectus.
2. The aim of this Report is to collate, summarize and interpret available information to ascertain the location, registered ownership and any material information regarding the status of the following tenements:
 - (a) Petroleum Prospecting License 549 (**PPL 549**);
 - (b) Petroleum Prospecting License 569 (**PPL 560**);
 - (c) Application of Petroleum Prospecting License 550 (**APPL 550**);
 - (d) Application of Petroleum Prospecting License 594 (**APPL 594**); and
 - (e) Application of Petroleum Prospecting License 633 (**APPL 633**).
3. We have conducted searches at the Department of Petroleum & Energy (**DPE**) in respect of the above listed Tenements. The tenements comprise both 'live' petroleum prospecting licenses and pending petroleum prospective licenses in which Dondonald Limited, a subsidiary of Rawson Resources Limited, has 100% interests in.

BACKGROUND

4. The Oil & Gas Act 1998 (Oil & Gas Act) is the legislation that governs the regulatory regime of oil and gas exploration in PNG. According to Section 6 of the Act, all petroleum and helium at or below the surface of the land remains the property of the Independent State of Papua New Guinea (the **State**). Most of the current petroleum finds are located on what is termed "customary land," which is land governed according to custom of the native or traditional landowning groups of each respective areas. Almost 90% of land in PNG is customary land.
5. Consequently, the operation of exploration or petroleum activity on the land requires consultative measures with the traditional landowning groups, notwithstanding the ownership of the minerals vesting with the State. The Department of Petroleum of Energy (the DPE) is the government department responsible for the implementation of policies and regulations of oil and gas exploration and production in PNG. The regulatory regime vests the Minister with the final decision making power in terms of grants, refusals, cancellation and variation of various petroleum licences under the Act.

LICENSES AND RIGHTS CONFERRED

6. The Act provides for five (5) different licences, each having different rights attached to it concerning the area applied for. The types of licences are as follows. Relevantly, Dondonald Limited holds only two (2) PPLs, and three (3) pending applications for PPL. A PPL confers on the licensee the exclusive right to explore for petroleum, and to carry out appraisal of a petroleum discovery, and to carry on such operations and execute such works as are necessary for exploration purposes in the licence area.
7. The grant of a PPL is subject to such conditions as are attached to the PPL licence. An application for a Petroleum Prospecting Licence (APPL) are made to the Director appointed by the Minister for the grant of a petroleum prospecting license in respect to a tenement. Where an application has been made for a petroleum prospecting licence, the Minister may, after consideration, inform the applicant that he has either granted or refused to grant a licence to the applicant.

Part A: Petroleum Prospecting Licenses

We conducted searches of the Register on 23 November 2021 and also conducted our various research regarding the same.

PPL 549:

8. **Area and Location:**



DPE Petroleum Licence Tenement Map (Map Edition: November 2020)

9. PPL 549 is located in 58 graticular blocks onshore and offshore in West Sepik Province. West Sepik Province is the northern western most province in PNG, bordering the Indonesian Province of West Papua. It is located in a dense tropical rainforest, accessible only on logging trails or by way of the Nemayar River, which flows from the slight elevated mountainous interior to the delta offshore. This area is where logging occurs intensely, with numerous logging concessions granted in conjunction with the areas in respect of and bordering PPL 549. Therefore, the areas to the east of PPL 549 is fairly accessible via airstrips and dirt roads and bridges, courtesy of the logging concessions.

Information Summary

- (a) 58 Graticular block- Onshore and Offshore West Sepik Province.
- (b) Wewak Map Sheet SC 55.
- (c) Block Numbers: 2485-2494, 2557-2569, 2629-2642, 2701-2714, 2782-2786 and 2857-2858 (all blocks inclusive).

10. **Ancillary Details**

- (a) Date of Application
31 July 2015
- (b) Application Fee Paid:
K10,000.00
(G294391- paid on 31/07/15)
- (c) Date Lodged:
31 July 2015
- (d) Gazettal Notice:
5 August 2015 (Gazettal No. G500 - Page 3)
- (e) Date of Grant:

27 May 2016

(f) Term:

Commenced on 27 May 2016 for a term of six (6) years and expires on 26 May 2022

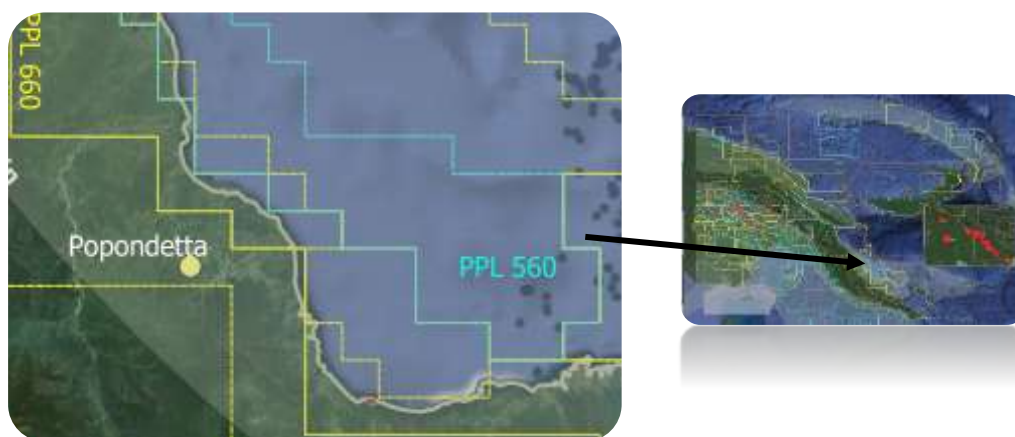
(g) Annual Fees

Period	Fees Paid	Details
26/05/2017	K29,000.00	G294584
26/05/2018	K29,000.00	COI-000212
26/05/2019	K29,000.00	COI-000309
26/05/2020	K29,000.00	COI-000417

11. Note that a 12 months extension was awarded from expiry of licenses made pursuant to Section 136 of the Oil and Gas Act 1998 and made via an instrument dated 4 September 2020.

PPL 560

12. **Area and Location:**



DPE Petroleum Licence Tenement Map (Map Edition: November 2020)

13. PPL 560 is located offshore and north easterly from Popondetta township, the provincial capital of Oro Province, and stretches in a northwesterly approach which have certain blocks onshore directly north of Popondetta. PPL 560 is in the name of Dondonald Ltd. It was the subject of proceedings styled *Dondonald Ltd v Pok* [2019] PGNC 279; N7998, in which Dondonald Ltd challenged the decision by the Minister made on 23 April 2018 to cancel PPL 560. The Court quashed the Minister's decision cancelling PPL 560 and the licence consequently reverted back to Dondonald Ltd.

Summary Details

- (a) 55 Graticular Blocks- Onshore and Offshore Oro Province;
- (b) Port Moresby Map Sheet SC 55;
- (c) Block Numbers: 48-51, 121-125, 194-196, 267-269, 339-342, 412-414, 484-490, 558-565, 632-637, 706-710, 778-782 and 852-853 (all blocks inclusive).

14. **Ancillary Details**

- (a) Date of Application:
12 August 2015
- (b) Application Fee Paid:
K10,000.00 (G294400-12/08/15)
- (c) Date Lodged:
12 August 2015
- (d) Gazettal Notice:
28 August 2015 (Gazettal No. G531 – Page 8)
- (e) Date of Grant: 30/11/2016
30 November 2016
- (f) Term:
Granted for a period of six (6) and expires on 30 November 2022
Note that it has a revised expiry date of 29 November 2025
- (g) Annual Fees

Period	Fees Paid	Details
29/11/2017	K27, 500.00	COI-000080
29/11/2018	K27,500.00	COI-000257
29/11/2019	K27,500.00	COI-000303
29/11/2020	K27,500.00	COI-000479
29/11/2021	K27,500.00	COI-000584

15. Note that three (3) years extension was awarded pursuant to Section 136 of the Oil and Gas Act 1998.

Part B: Application for Petroleum Prospecting Licenses

APPL 550 (over former PPL 268)

Area and Location:



16. The area is located deep in the interior of Western Province, the westernmost PNG province that borders the Indonesian Province of West Papua. The nearest township is Kiunga, located northeasterly from the licence area, with the PNG's largest river, the Fly River, representing the westerly limits of the licence area near the PNG/Indonesian border. The area is remote and is accessible via dirt tracks, airstrips and by boat from the Fly River.

- (a) 32 Graticular blocks- Onshore Western Province;
- (b) Fly River Map SB 54; and
- (c) Block Numbers: 1981-1986, 2053-2059, 2125-2126 and 2128-2131 (all blocks inclusive).

17. Ancillary Details

- (a) Date of Application:
31 July 2015
- (b) Date Lodged:
31 July 2015
- (c) Application Fee Paid:
K10,000.00 (G294392- 31/07/2015)
- (d) Gazettal Notice:
6 August 2015 (Gazettal No. G500-Page 3)
- (e) Application Status
Pending

APPL 594

18. Area and Location:



DPE Petroleum Licence Tenement Map (Map Edition: November 2020)

19. Although the area is described as being Onshore and Offshore East and West Sepik Province, Application 594 is located between the borders of the East Sepik Province and ends in an easterly direction at the borders of Madang Province. 119 Graticular Blocks located onshore extending a bit offshore. The area encompasses the major part of the Sepik River basin all the way to the mouth of the Sepik River, which is the longest river in PNG. The Sepik River provides the main transport route along the major part of the licence area, with the major town being Angoram, located in southwesterly part of the licence area. Given the low lying aspect of the geography, there is only one major road linking the area to the provincial capital of Wewak with the Sepik River and its tributaries providing the main mode and transportation linkage.

- (a) Wewak Map Sheet SC 54; and
- (b) Block Numbers: 69-72,142-144 and 216 (All blocks Inclusive)

20. Ancillary Details:

- (a) Date of Application
29 July 2016
- (b) Date Lodged:
29 July 2016 2017
- (c) Application Fee Paid:
K10,000.00 (COI 000042-9/8/16)
- (d) Gazettal Notice:
15 August 2016 (Gazettal No. G565- Page 1)
- (e) Application Status:
Pending

APPL 633

21. **Area and Location:**



22. The area is located just north and north easterly off Collingwood Bay in the Oro Province. It is located offshore, with the licence area bordering on the government station of Tufi. The area is known for its numerous outlying fjords, with the main mode of transport by sea, with numerous isolated islands located within the licence area. The Collingwood Bay is the site of major shipping operation with regard to a controversial logging concession located onshore and southwest of the licence area, which can serve as a supply depot with a good harbour to supply the licence area once the application is determined and granted.

- (a) 60 Graticular Blocks- Offshore Oro and Milne Bay Province;
- (b) Port Moresby Map Sheet SC 55; and
- (c) Block Numbers: 566-569, 638-642, 711-720, 783-792, 854-864, 930-935, 1003-1007 and 1075-1078 (All Blocks Inclusive)

23. **Ancillary Details:**

- (a) Date of Application
19 December 2017
- (b) Date Lodged:
19 December 2017
- (c) Application Fee Paid:
K10,000.00 (COI 000042-9/8/16)
- (d) Gazettal Notice:
21 December 2017 (Gazettal No. G970- Page 1)
- (e) Application Status:
Pending

Conclusion

24. Note that this report was prepared based on available information on the public register held by the Department of Petroleum and Energy and does not contain further details as to any lease, assignment, farm in or farm out agreement in respect of each licence and pending applications contained in this report.

Yours faithfully



William Yep

Senior Associate

Email: William@leahypnglaw.com

Annexure D - Independent Limited Assurance Report

RSM Corporate Australia Pty Ltd

Level 13, 60 Castlereagh Street
Sydney NSW 2000
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

7 January 2022

Board of Directors
Lakes Blue Energy NL
Level 3, 35 Lime Street
Sydney, NSW, 2000

Dear Directors,

Independent Limited Assurance Report on Lakes Blue Energy NL's historical statutory financial information and pro forma historical financial information

We have been engaged by Lakes Blue Energy NL ("Lakes Blue Energy" or "the Company") to report on certain historical statutory financial information and pro forma historical financial information related to Lakes Blue Energy and its wholly owned subsidiaries (collectively "the Group") for inclusion in a Prospectus to be dated on or about 7 January 2022.

The Prospectus relates to the Company's contemplated issue of between 3,005,000,000 and 5,428,512,971 ordinary shares at an issue price of \$0.0008, to raise between \$2.4m and \$4.3m before costs (the "Offer"), the Company proposes to apply for readmission to the Australian Securities Exchange ("ASX").

Expressions and terms defined in the Prospectus have the same meaning in this report, except as otherwise indicated.

Scope

Statutory Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd ("RSM") to review the historical statutory financial information of Lakes Blue Energy included in Section 6 of the Prospectus, comprising:

- the audited historical statutory statement of profit or loss and other comprehensive income for the financial years ended 30 June 2019 ("FY19") and 30 June 2020 ("FY20"), as well as the unaudited historical statutory statement of profit and loss and other comprehensive income for the financial year ended 30 June 2021 ("FY21");
- the audited historical statutory cash flow statements for FY19 and FY20, as well as the unaudited historical statutory cash flow statements for FY21; and
- the unaudited historical statutory statement of financial position as at 30 June 2021;

collectively the "Statutory Historical Financial Information".

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of Australian Financial Services Licensees)

The Historical and Pro Forma Statement of Financial Position presented in the Prospectus reflects a consolidation of the Group and assumes the readmission to the ASX occurs.

The Statutory Historical Financial Information of Lakes Blue Energy has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards (IFRS) and Lakes Blue Energy's adopted accounting policies.

The FY19 financial statements of the Group were audited by Pitcher Partners, who issued a disclaimer of opinion due to the Group having an operating loss of \$3.3m and net current liabilities of \$547k. The Group's ability to continue as a going concern was dependent on a number of factors including but not limited to obtaining additional funding and the continued forbearance of major creditors including but not limited to the ATO in relation to the R&D incentives tax liability of \$1.3m. As at the date of the audit report, the auditors were unable to obtain alternative evidence which would provide sufficient appropriate audit evidence as to whether the Group may be able to obtain such financing or be successful with alternative measures including securing an unconditional right to defer payment to the ATO, and hence remove significant doubt of its ability to continue as a going concern within twelve months as at the date of the audit report.

The FY20 financial statements were audited by William Buck, who issued an unqualified audit opinion with an emphasis of matter for a material uncertainty in relation to being a going concern due to the Group had a net loss of \$625k in FY20 and net current liabilities of \$3m as at 30 June 2020. The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Pro Forma Historical Financial Information

You have requested RSM to review the pro forma historical financial information of Lakes Blue Energy included in Section 6 of the Prospectus and comprising:

- the unaudited pro forma historical statement of financial position of Lakes Blue Energy as at 30 June 2021; and
- the subsequent events and pro forma adjustments as described in Section 6 of the Prospectus.

collectively referred to as "the Pro Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Lakes Blue Energy, adjusted for the transactions / adjustments summarised in Section 6 of the Prospectus. The stated basis of preparation is the recognition and measurement requirements of Australian Accounting Standards Board (AASB), IFRS and Lakes Blue Energy's adopted accounting policies applied to the unaudited historical financial information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Section 6 of the Prospectus, as if those events or transactions had occurred as at the date of the historical statement of financial position.

Due to its nature, the Pro Forma Historical Financial Information does not represent Lakes Blue Energy's actual or prospective financial position.

The Pro Forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' responsibility

The directors of Lakes Blue Energy are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information; and
- the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of the subsequent events and pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450: *"Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information"*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;
- a review of Lakes Blue Energy's work papers, accounting records and other supporting documents;
- enquiry of directors, management personnel and advisors; and
- the performance of analytical procedures applied to the Statutory Historical Financial Information and Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of Lakes Blue Energy, as described in Section 6 of the Prospectus, and comprising:

- the audited historical statutory statement of profit or loss and other comprehensive income for FY19, and FY20, as well as the unaudited historical statutory statement of profit or loss and other comprehensive income for FY21;
- the audited historical statutory cash flow statements for FY19 and FY20, as well as the unaudited historical statutory cash flow for FY21; and
- the unaudited statutory statement of financial position as at 30 June 2021;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of Lakes Blue Energy, as set out in Section 6 of the Prospectus, and comprising:

- the unaudited pro forma statement of financial position of Lakes Blue Energy as at 30 June 2021; and
- the subsequent events and pro forma adjustments as described in Section 6 of the Prospectus,

is not presented fairly in all material aspects, in accordance with the stated basis of preparation, as described in Section 6 of the Prospectus.

Restriction on use

Without modifying our conclusions, we draw attention to Section 6, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Declaration of interest

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Yours faithfully,



RSM CORPORATE AUSTRALIA PTY LTD

Tim Goodman

Director

How to complete this General Offer Application Form

- A Number of Shares applied for**
Applications must be for a quantum that will ensure the minimum holding, after allocation of New Shares, of 500,000 Shares and, thereafter, in multiples of 1,000 Shares. Applications for less than the minimum quantum of New Shares will not be accepted.
- B Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of \$0.0008.
- C Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.
- D Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

- F CHES**
Lakes Blue Energy NL will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN or your SRN. Otherwise, leave this section blank and on issue, you will be sponsored by Lakes Blue Energy NL and allocated a Securityholder Reference Number (SRN).
- G Payment**
If you wish to pay your Application Monies via Bpay®, visit the Lakes Blue Energy NL Offer Website to make an Online Application at <https://lakesblueenergyshareoffer.thereachagency.com>.
- Make your cheque, bank draft or money order payable in Australian dollars to 'Lakes Blue Energy NL' and cross it '**Not Negotiable**'. Cheques must be drawn from an Australian bank. Cash will not be accepted.
- The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided.
- Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be represented and may result in your Application being rejected. Paperclip (do not staple) your cheque to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Lakes Blue Energy NL is upon and subject to the terms of the Prospectus and the Constitution of Lakes Blue Energy NL, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The General Offer Application Forms must be received by the Computershare Investor Services Pty Limited (CIS) by no later than 5.00 pm (Sydney time) on 24 January 2022. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Lakes Blue Energy NL

c/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001, Australia

Neither CIS nor Lakes Blue Energy NL accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Lakes Blue Energy NL. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

This Application Form is important. If you are in doubt as to how to deal with it, please contact your professional advisers without delay. You should read the Lakes Blue Energy NL Prospectus dated 7 January 2022 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

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Surname

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Postcode

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- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Lakes Blue Energy NL.

Samples/000001/000001/i12

How to complete this Institutional Offer Application Form

A**Number of Shares applied for**

Applications must be for a quantum that will ensure the minimum holding, after allocation of New Shares, of 500,000 Shares and, thereafter, in multiples of 1,000 Shares. Applications for less than the minimum quantum of New Shares will not be accepted.

B**Application Monies**

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of \$0.0008.

C**Applicant Name(s)**

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D**Postal Address**

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E**Contact Details**

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F**CHES**

Lakes Blue Energy NL participates in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Lakes Blue Energy NL and allocated a Securityholder Reference Number (SRN).

G**Payment**

If you have been contacted by your Broker regarding the Institutional Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Lakes Blue Energy NL is upon and subject to the terms of the Prospectus and the Constitution of Lakes Blue Energy NL, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

The Institutional Offer opens on 14 January 2022 and is expected to close at 5.00 pm (Sydney time) on 24 January 2022. Lakes Blue Energy NL may elect to extend the Institutional Offer. If you have been contacted by your Broker regarding the Institutional Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Do NOT lodge this Application form with the Share Registry. Your Broker must receive your completed Application Form and Application Monies (if applicable) in time to arrange settlement on your behalf by the relevant Closing Date for the Institutional Offer.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund