

Lakes Blue Energy Exploration Update

- Team build out completed, with expansion to an exploration team of four.
- New team includes expertise in reservoir engineering and seismology amongst other skills.
- Team to focus on:
 - Continuing to enhance gas flows at the recently completed well at Wombat 5;
 - Moving forward with the work at the Company's Portland energy project with a view to drilling two wells by the end of the calendar year (subject to regulatory approval)
 - Developing and seeking regulatory approval for a substantial seismic survey of the Gippsland Basin to assist with the development of the Wombat gas and oil resources
 - Outlining oil resource at Wombat with the seismic survey

Lakes Blue Energy NL (ASX: LKO) ("Lakes" or "the Company") is pleased to provide an update on recent exploration and appraisal activities, together with an overview of the strengthening of its internal technical capability, as the Company advances its onshore gas portfolio in Victoria and Queensland.

Exploration Team Expansion

The Company has completed a planned build-out of its exploration and operations team, expanding to a team of four with the addition of personnel bringing expertise across reservoir engineering, well operations, field development, and geophysics. The expanded team has been enhanced with a geophysicist and seismic expert as well as a reservoir engineer and is intended to support increasing levels of activity across the portfolio.

The exploration team will focus on advancing appraisal and development planning at the Wombat Gas Field, progressing work programs at the Portland Energy Project, and supporting subsurface evaluation and regulatory planning initiatives across the Company's assets.

Wombat Gas Field – PRL 2, Gippsland Basin

At the Wombat Gas Field, Lakes has transitioned from drilling and completion activities into production testing at the Wombat-5 appraisal well. Drilling and completion activities were finalised during the December 2025 quarter, followed by installation of the production wellhead, site preparation and receipt of necessary regulatory approvals. As previously reported, drilling of Wombat-5 intersected three strong gas zones within the 1,500 metre horizontal section, located in a broad package of gas-saturated sands.

Production testing at Wombat-5 commenced in January 2026 and is designed to assess deliverability, pressure behaviour and gas composition across multiple gas-bearing zones intersected by the well. The testing program is intended to provide critical data to support evaluation of the commercial potential of the Wombat Gas Field and to inform future development planning. Initial results from the production testing program indicated that the flow of gas from the reservoir will be significantly enhanced by the perforations of the well bore. The Company's recent announcement noted that operations have focused on unloading drilling fluid using nitrogen lift and conducting gas inflow and pressure build-up diagnostic tests.

The Company refers shareholders to the Wombat 5 update released simultaneous to this release for the most up to date information

Targeted Wombat Oil Field – PRL 2, Gippsland Basin

In addition to gas appraisal activities, Lakes is progressing work to further identify the oil resource which is the same as the historic oil shows at Wombat-3. When the Wombat-3 well was drilled in 2004, in addition to encountering gas in the Upper Strzelecki Formation oil was identified in a fracture zone between 2100 and 2103 metres, also in the Strzelecki Formation. At the time the Company's focus was to fully appraise the gas bearing interval. After completion of gas flow testing, a 3 metre interval was perforated in the oil zone and 10 barrels of oil were recovered using swab cups. Laboratory testing of the sample confirmed a light (~40 API) crude oil. The oil recovered from Wombat-3 has a signature very similar to the oil produced from the nearby, offshore Dolphin Field and other onshore oil shows. This indicates a common, deeper source for the oil across the Gippsland Basin

The proposed 3D seismic survey will help delineate the deeper oil reservoirs which are supplying the natural fracture zone and are the primary source of the offshore Gippsland Basin oil production.

Portland Energy Project – Otway Basin, Victoria

At the Portland Energy Project, Lakes continues to advance regulatory, environmental and stakeholder engagement activities in support of future drilling. The Company is progressing staged planning with a view to drilling up to two wells in the latter half of 2026, subject to receipt of regulatory approvals and portfolio prioritisation.

The Portland Energy Project (PEP's 167 & 175) in Western Victoria remains a key longer-term component of the Company's gas portfolio, providing exposure to a very large, under-appraised onshore gas system and flexibility in the sequencing of exploration and development activities.

These licences potentially contain > 500 TCF¹ of in place gas resource in both conventional and tight gas environments. The proximity of these prospective resources to pipelines and infrastructure mean that any commercial discovery would be well placed to access the Australian domestic gas grid.

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

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Footnotes:

1 Estimated Unconventional Gas Potential for a Defined Prospect Area in PEP 175, Otway Basin, Victoria", May 2015, SRK Consulting (Australasia) Pty Ltd, in accordance with SPE-PRMS guidelines. Lakes estimates that around 3 Tcf of the prospective resource of the Focus Area will be recoverable by conventional methods.