

5 January 2022

ASX Release Wellesley-2 Gas Well

Highlights:

- *Earthworks have commenced in preparation for drilling of the Wellesley-2 gas well in Queensland.*
- *Spudding of the Wellesley-2 well is planned for January 2022 with Easternwell's Rig #101. Drilling and testing of the well expected to take around 10 to 14 days.*
- *The Wellesley-2 well will target the Wellesley Dome, which contains a Best Estimate Prospective Resource of 41 billion cubic feet of gas.*
- *Commencement of earthworks satisfies a key ASX specified precondition for resumption of trading of Lakes' Shares.*

The Directors of Lakes Blue Energy NL's (**Lakes**, or the **Company**; ASX:LKO) are pleased to advise that earthworks in preparation for drilling of the Wellesley-2 gas well in Queensland commenced on 29 December 2021. The earthworks involve construction of a drill pad, cellar and mud pond plus formation of an access track to the drill site.

The earthworks are to be completed in time for spudding of the Wellesley-2 well in January 2022. The Wellesley-2 well will be a conventional vertical well targeting the Wellesley Dome, which contains a Best Estimate Prospective Resource of 41 billion cubic feet of gas. Drilling and testing of the well will be carried out with Easternwell's Rig #101 and will take around 10 to 14 days.

Commencement of the Wellesley-2 earthworks satisfies one of three key ASX specified conditions to be satisfied for trading of the Company's securities to resume. The other two conditions, namely that the Company issue a full-form Prospectus and that the Company raise a minimum of \$3.55m, are in hand. Further detail will be announced shortly.

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

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Wellesley-2 Preparatory Earthworks



Wellesley-2 Drilling Lease Pegged and Graded

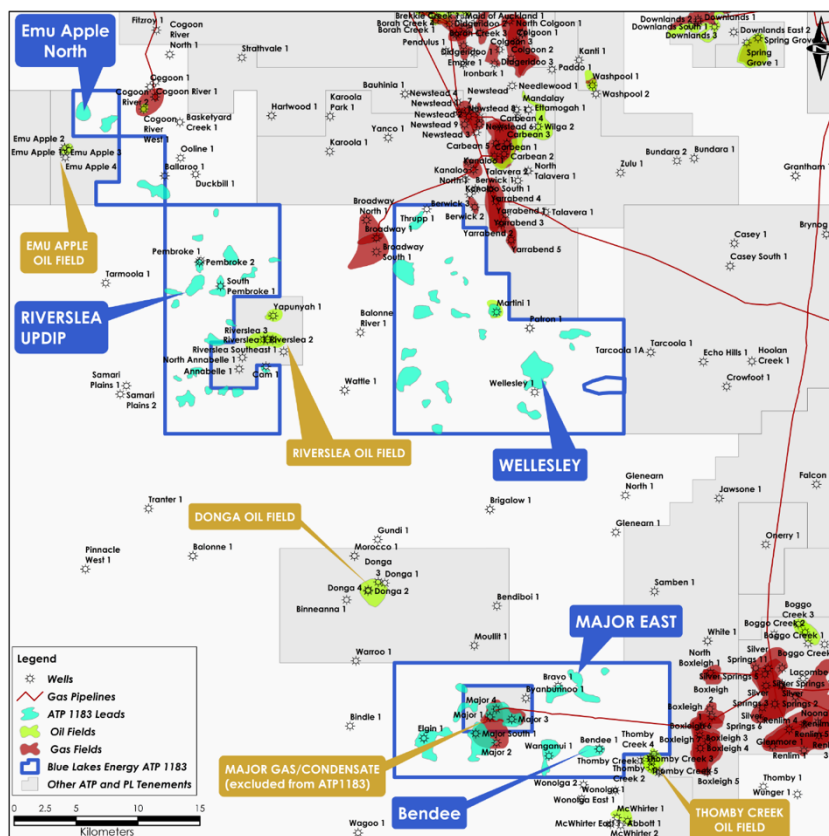


Wellesley-2 Drilling Lease Pegged and Graded

Wellesley-2 Information

Location

The Wellesley-2 gas well lies within the Lakes 100% owned and operated Authority to Prospect (ATP) 1183, in the Roma Shelf region of the Surat Basin. It is within close proximity to existing gas flowline and processing infrastructure.



The Wellesley-2 well will be a conventional, vertical well drilled to around 1650m metres total depth within the crest of the Wellesley Dome, approximately 1 km northwest of the Wellesley-1 well. The estimated cost of the well is approximately \$1.6m.

Prospectivity

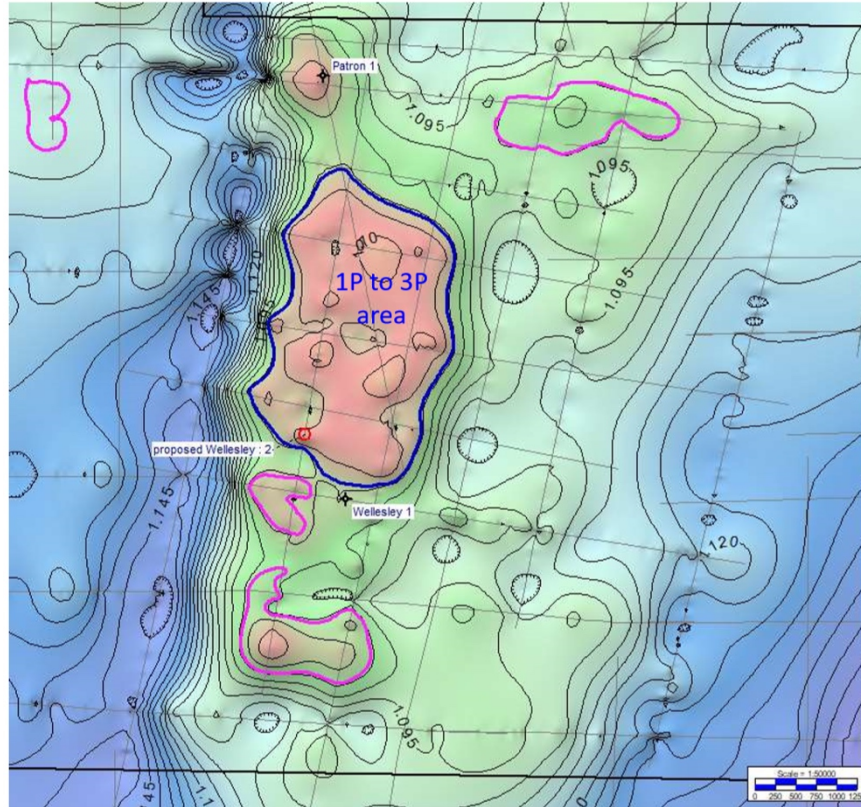
The Wellesley-2 well will target the Wellesley Dome, which contains a Best Estimate Prospective Resource of 41 billion cubic feet of gas¹.

Lakes considers the prospectivity of Wellesley-2 to be high in view of the following:

- 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 Wellesley-1 well confirmed both reservoir quality (average 28% porosity) and the presence of gas.

¹ This is a best estimate prepared on a deterministic basis. It has been sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in the Company's Notice of Meeting dated 16 December 2016 (see: [43dsh08xfplq0.pdf](https://www.asx.com.au/43dsh08xfplq0.pdf)). 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.

- 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 historic success rate for wildcat drilling on seismic closures within the Roma Shelf region 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%.



Drilling and Development Program

Easternwell's Rig #101 has been contracted and will be mobilised to site after completion of site works. The Company plans to spud the Wellesley-2 gas well in January 2022. It is estimated that drilling and testing of the well will take around 10 to 14 days.

After completion of testing the well will be completed for production, unless testing is not successful, in which case it is anticipated the well will be completed as a water well for the benefit of the owner of the land upon which the well is located.

The Company's vision is that production of Wellesley gas will be facilitated through tolling arrangements with adjacent infrastructure owner(s), with gas sales revenue used to fund subsequent, 2022 exploration activity.