

**4 February 2022**

**ASX Release  
Reinstatement Disclosure**

The Directors of Lakes Blue Energy NL's (the **Company**; ASX:LKO) are pleased to provide the following information, as required by the Australian Stock Exchange (**ASX**) in connection with reinstatement of trading of the Company's ordinary shares.

The Directors advise that there are no legal, regulatory, statutory or contractual impediments to undertaking commitments as disclosed in the Replacement Prospectus dated 20 January 2022, other than customary regulatory approvals and other arrangements (such as mining licences, gas sale contracts, etc.) that would be put in place in the ordinary course of business.

The Directors also confirm that the Company is in ongoing compliance with the ASX Listing Rules including, in particular, Listing Rule 3.1.

The responsible person for the purposes of Listing Rule 1.1 condition 13 is Ms Elissa Hansen, Company Secretary.

*Index of Disclosures*

This announcement comprises two parts, attached hereto, as follows:

1. Corporate and Financial Information, including capital structure, top 20 shareholders, shareholder distribution, updated statement of commitments and proforma balance sheet.
2. Consolidated activities report setting out business strategy and including an update on assets and activities.

This announcement has been authorised by the Board of Lakes Blue Energy NL.

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## 1. Corporate and Financial Information

As was announced on 27 January 2022, the Minimum Subscription under the Replacement Prospectus, namely \$2.404m, was achieved by close of business on 25 January 2022. The Offers under the Replacement Prospectus closed at 5 pm on 31 January 2022. Total funds raised through the Offers under the Replacement Prospectus and the firm placements made by the Company in advance of issue of the Replacement Prospectus were \$5,488,810.

The Company's working capital following completion of the capital raising initiatives is \$2,568,182. This is sufficient for the Company to carry out its stated objectives.

The Company's commitments (ie, intended use of funds) remains as set out in the Replacement Prospectus, as tabulated below:

<b>Total Amount Raised</b>	\$5,488,810
<b>Use of Funds</b>	
Working capital (note 1)	1,517,000
Drilling of Wellesley-2 Gas Well	1,600,000
Costs of Capital Raising	534,000
Wellesley gas production flowline or resumption of Victorian exploration (note 2)	1,837,810
<b>Total</b>	<b>5,488,810</b>

Note 1: this provision is inclusive of work associated with securing approvals to drill the Wombat-5 and Otway-1 gas wells in Victoria.

Note 2: If drilling of the Wellesley-2 gas well is successful (ie, a commercial resource of gas is discovered) then, subject to receipt of requisite Government approvals, funds will be allocated toward the cost of infrastructure for production and sale of Wellesley gas. If drilling of the Wellesley-2 gas well is not successful then funds will be applied toward meeting the cost of exploration activity in Victoria.

The Company has extended the expiry date of its Controlled Placement Agreement with Acuity Capital from 31 January 2022 to 31 January 2024. There were no fees or cost associated with making the extension. Details of the Controlled Placement Agreement are set out in the Company's release dated 31 October 2019. There is no requirement on the Company to make use of the Agreement.

Following issue on 2 February 2022 of new shares pursuant to the Replacement Prospectus and the firm placements, the Company's post-issue capital structure is as follows:

Shares on issue	42,382,421,941
Convertible Notes on issue	10,921,382,231

Note: The Company has no Options on issue.

Details of the Company's 20 largest shareholders following issue of new shares is as follows:

Rank	Name	Units	% of Units
1.	DARK HORSE RESOURCES LIMITED	10,008,714,010	23.62
2.	TIMEVIEW ENTERPRISES PTY LTD	2,720,821,462	6.42
3.	ARMOUR ENERGY LTD	2,125,000,000	5.01
4.	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	1,730,000,000	4.08
5.	MR DUNCAN JOHN HARDIE	589,295,260	1.39
6.	DGR GLOBAL LIMITED	528,109,026	1.25
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	409,504,986	0.97
8.	MR WILLIAM RICHARD TREUREN	359,289,500	0.85
9.	DGR GLOBAL LIMITED	334,094,250	0.79
10.	MR DUNCAN JOHN HARDIE	315,595,620	0.74
11.	ORCA CAPITAL GMBH	312,500,000	0.74
12.	ROTHERWOOD ENTERPRISES PTY LTD	300,000,000	0.71
13.	SARI HOLDINGS PTY LTD	295,380,242	0.70
14.	MR ALLISTER RICHARDSON	279,197,895	0.66
15.	TIGER FUND PTY LTD <THE TIGER FUND A/C>	250,000,000	0.59
16.	PACIFIC ATLANTIC COMMERCE PTY LTD <CORCILLUM SUPER FUND A/C>	242,500,000	0.57
17.	MR JAMES SINTON SPENCE	227,656,080	0.54
18.	MRS LYNLEY HARDIE	208,521,000	0.49
19.	MR PETER ASHLEY BUBENDORFER <PAJBUBENDORFER FAMILY A/C>	199,081,164	0.47
20.	STATEMOOR PTY LTD <PETERS FAMILY A/C>	190,000,000	0.45
<b>Total: Top 20 holders</b>		<b>21,625,260,495</b>	<b>51.02</b>
<b>Total Remaining Holders Balance</b>		<b>20,757,161,446</b>	<b>48.98</b>

The distribution of shareholdings in the Company is as follows following completion of the issue of new shares:

Range	Units	% of Issued Capital
1 - 1,000	104,673	0.00
1,001 - 5,000	731,067	0.00
5,001 - 10,000	3,517,025	0.01
10,001 - 100,000	177,236,653	0.42
100,001 - 9,999,999,999	42,200,832,523	99.57
<b>Rounding</b>		<b>0.00</b>
<b>Total</b>	<b>42,382,421,941</b>	<b>100.00</b>

The Company's updated proforma balance sheet, taking into account funds raised, is as set out below:

	Consolidated Group (Unaudited)	Pro Forma Adjustments Capital Raising	Pro Forma Consolidated Group (Unaudited)
	31 January 2022		31 January 2022
	\$	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	105,816	3,354,810	3,460,626
Funds held in escrow	2,307,800	(2,307,800)	-
Trade and other receivables	85,494	-	85,494
Other financial assets	602,219	-	602,219
Prepayments	16,640	-	16,640
<b>Total Current Assets</b>	<b>3,117,969</b>	<b>1,047,010</b>	<b>4,164,979</b>
<b>Non-Current Assets</b>			
Other receivables	12,000	-	12,000
Property plant and equipment	685,780	-	685,780
Exploration and evaluation	22,810,637	1,600,000	24,410,637
<b>Total Non-Current Assets</b>	<b>23,508,417</b>	<b>1,600,000</b>	<b>25,108,417</b>
<b>Total Assets</b>	<b>26,626,386</b>	<b>2,647,010</b>	<b>29,273,396</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	1,445,228	-	1,445,228
Provisions	151,569	-	151,569
Share applications	2,307,800	(2,307,800)	-
<b>Total Current Liabilities</b>	<b>3,904,597</b>	<b>(2,307,800)</b>	<b>1,596,797</b>
<b>Non-Current Liabilities</b>			
Other payables	754,718	-	754,718
Provisions	550,000	-	550,000
Convertible notes	9,844,432	-	9,844,432
<b>Total Non-Current Liabilities</b>	<b>11,149,150</b>	<b>-</b>	<b>11,149,150</b>
<b>Total Liabilities</b>	<b>15,053,747</b>	<b>(2,307,800)</b>	<b>12,745,947</b>
<b>Net Assets</b>	<b>11,572,639</b>	<b>4,954,810</b>	<b>16,527,449</b>
<b>EQUITY</b>			
Share capital (net of costs)	133,763,856	4,954,810	138,718,666
Reserves	1,155,250	-	1,155,250
Accumulated losses	(123,431,928)	-	(123,431,928)
<b>Equity attributable to the owners of Lakes Oil NL</b>	<b>11,487,178</b>	<b>4,954,810</b>	<b>16,441,988</b>
Non-controlling interest	85,461	-	85,461
<b>Total equity</b>	<b>11,572,639</b>	<b>4,954,810</b>	<b>16,527,449</b>

## 2. Consolidated Activities Report

The Company's business strategy and activities following completion of the capital raising pursuant to the Replacement Prospectus dated 20 January 2022 are detailed below.

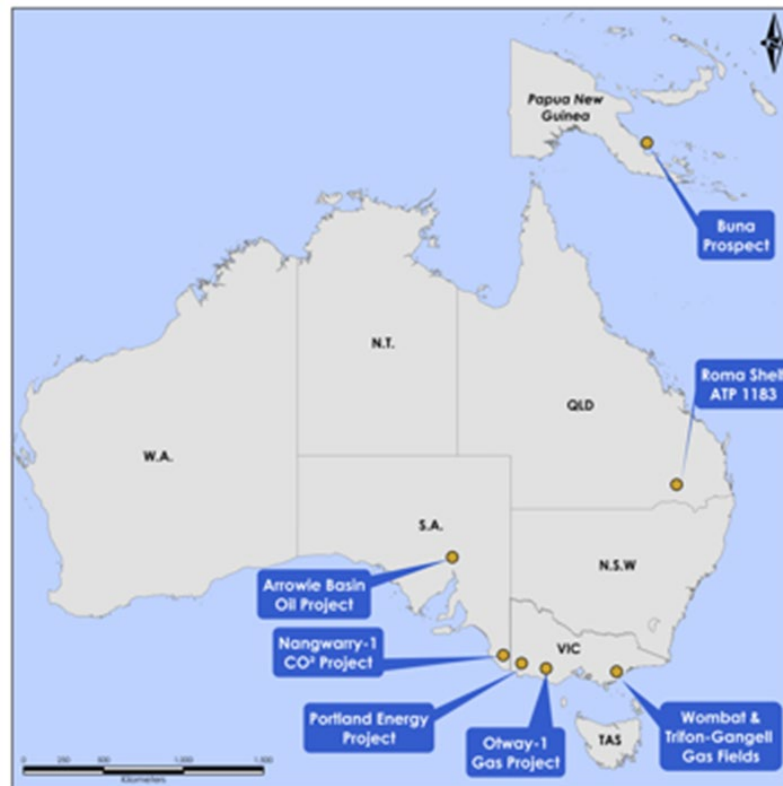
The Directors advise that there are no legal, regulatory, statutory or contractual impediments to undertaking commitments as disclosed in the Prospectus, other than customary regulatory approvals and other arrangements (such as mining licences, gas sale contracts, etc.) that would be put in place in the ordinary course of business

### a) Overview of Company's Focus and Strategy

Lakes Blue Energy is an energy company that is focussed upon:

- realising the potential of the Company's diverse portfolio of exploration projects, as depicted in Figure 1 and outlined in Table 1, to become a supplier of gas to meet Australian industry and household requirements, in both feedstock and energy applications; and
- subsequently, leveraging 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.

Figure 1: Project Portfolio



*Table 1: Project Portfolio and Prospectivity*

Project	Location	Resource / Target (Net to Company)
Nangwarry Carbon Dioxide	PRL 249, Otway Basin, SA	12.9 Bcf sales gas <sup>1</sup>
Wombat Gas Field	PRL 2, Gippsland, Vic	329 Bcf Contingent Resource <sup>2</sup>
Trifon / Gangell Gas Field		223 Bcf Contingent Resource <sup>2</sup>
Baragwanath Gas Field		966 Bcf Prospective Resource <sup>2</sup>
Roma Shelf Project	ATP 1183, Surat Basin, Qld	Target discovery and recovery <sup>3</sup> : 30 - 40 Bcf gas; 3 MMBbl oil
Otway-1	PRL 169, Otway Basin, Vic	Target recoverable <sup>4</sup> : 11.25 Bcf gas; 370,000 Bbl oil
Portland Energy Project	PEP 175, Otway Basin, Vic	Permit Area: 286 Tcf gas initially in place <sup>5</sup> Focus Area: 11.5 Tcf prospective resource <sup>5</sup>
	PEP 167, Otway Basin, Vic	Permit Area: 116 Tcf gas initially in place <sup>5</sup>
Buna	PPL 560, PNG	3.1 Tcf prospective resource <sup>6</sup>

*Notes to Table:*

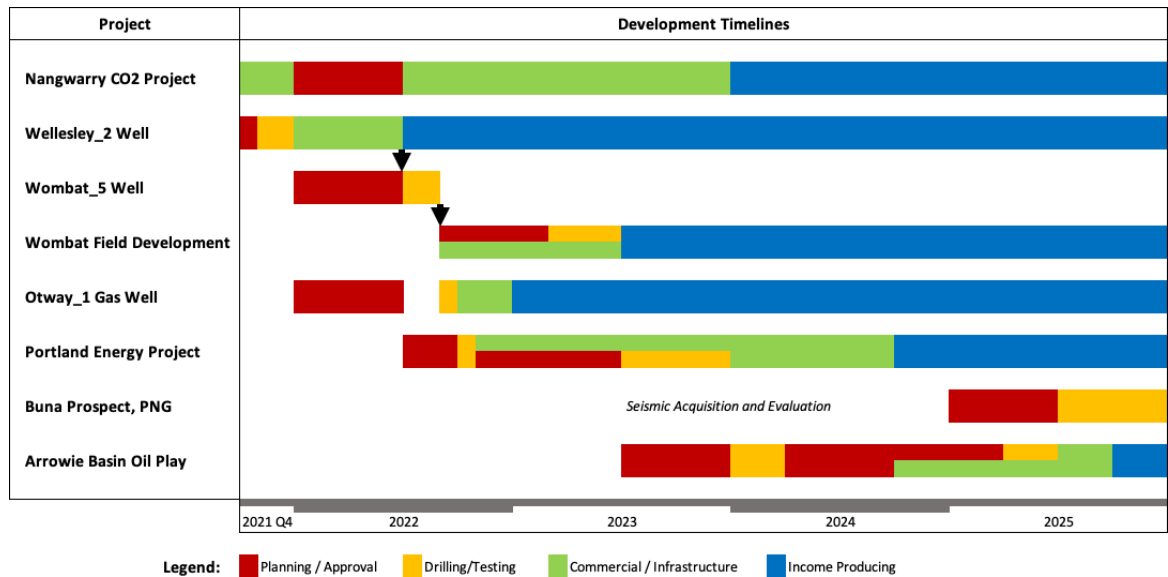
1. ERC Equipoise Pte Ltd, using probabilistic methodology consistent with that prescribed by the SPE-PRMS.
2. Gaffney, Cline & Associates, in accordance with SPE-PRMS guidelines.
3. Best estimates prepared on a deterministic basis by Mr Peter Bubendorfer, Geotechnical Assessor, Armour Energy Limited.
4. Combination of in-house estimate for Eumerella, prepared by Mr Tim O'Brien, MSc in Geology and Geophysics, member of PESA, SPE and AAPG, and probabilistic estimates for Warre and Pebble Point, independently prepared by Dr Greg Blackburn, Terratek Petroleum Consultants Pty Ltd, February 2011.
5. "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.
6. "Undiscovered Hydrocarbon Resources, Petroleum Prospecting Licence (PPL) Blocks 257 and 258, Papua New Guinea", 31 August 2010, Fekete Associates Inc

The projects listed above are the key drivers of value for Lakes Blue Energy. The Company's strategy for realisation of this value involves:

- i) Commercialising the Wellesley Gas Field (Queensland) and, subsequently, the Wombat Gas Field (Victoria);
- ii) Leveraging returns from the above to realise value for Shareholders, including through development of the world-scale Buna and Portland Energy Projects;
- iii) To actively monitor technological developments and opportunities with specific focus on identifying and promoting new technologies for sustainable supply of energy to meet industrial and household requirements; and
- iv) Where opportune and in the interests of Shareholders, entering into arrangements with other parties to explore, develop and commercialise existing projects or new technological initiatives.

This outworking of this strategy is illustrated in Figure 2. Further detail regarding specific projects is provided in section 2, below.

Figure 2: Exploration and Development Concept



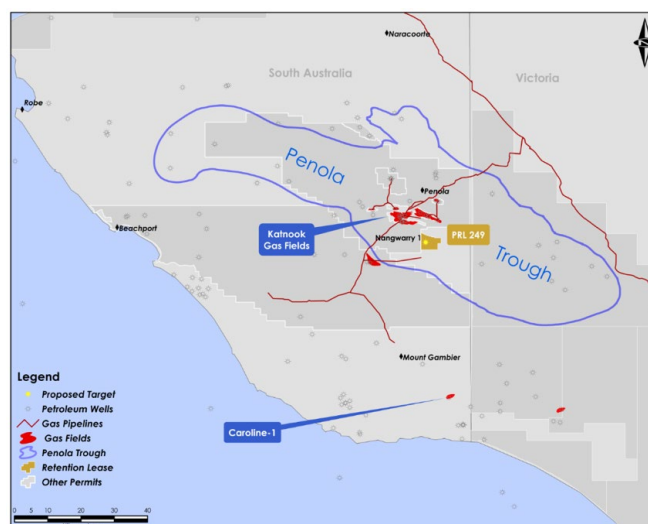
#### a) Activities Update

Lakes Blue Energy holds relevant interests in petroleum and mineral exploration rights in Victoria, Queensland, South Australia, Papua New Guinea and the United States of America. Prospects of immediate to medium term interest are overviewed below.

#### i) South Australia: Petroleum Retention Licence 249 (PRL 249)

Through its subsidiary, Otway Energy Pty Ltd, the Company holds 50% of, and operates, PRL 249. The Company's net interest in the Licence is 46.76%, after allowing for minor third-party interests in Otway Energy Pty Ltd.

Figure 3: Nangwarry Project Location



PRL 249 contains the Nangwarry Carbon Dioxide Project. Discovered in 2020, the Project has a very high (90% or greater) content of pure carbon dioxide, making it potentially attractive for development to produce carbon dioxide for industrial, medical and food uses.

Extended flow testing of the Nangwarry well, carried out in March 2021, showed that the well was capable of producing raw gas at rates up to 18.6 MMscfd, and provided a basis for the following independent certification of the recoverable sales gas volume of carbon dioxide (CO<sub>2</sub>) contained within the Nangwarry reservoir.

*Table 2: Independently Certified CO<sub>2</sub> Sales Gas Volume*

Gross CO <sub>2</sub> Sales Gas (Bscf) For PEL 155		
Low	Best	High
9.0	25.9	64.4

Net CO <sub>2</sub> Sales Gas (Bscf) 50% LKO		
Low	Best	High
4.5	12.9	32.2

**Notes to Table:**

1. Gross volumes represent a 100% total of estimated recoverable volumes within PEL 155.
2. Working interest volumes for Otway Energy Ltd's and Vintage Energy Ltd's share of the Gross recoverable volumes can be calculated by applying their working interest in PEL 155, which is 50% each.
3. Sales gas stream for Nangwarry is CO<sub>2</sub> gas.

*The independent estimate was prepared by ERC Equipoise 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.*

In August 2020 the Company, with joint venture partner Vintage Energy Pty Ltd, announced it had entered into a non-binding Memorandum of Understanding ("MoU") with Supagas Pty Ltd ("Supagas"), an Australian based distributor of gases for domestic, industrial, medical and other applications. Discussion with Supagas are ongoing. Conceptually, Nangwarry gas production

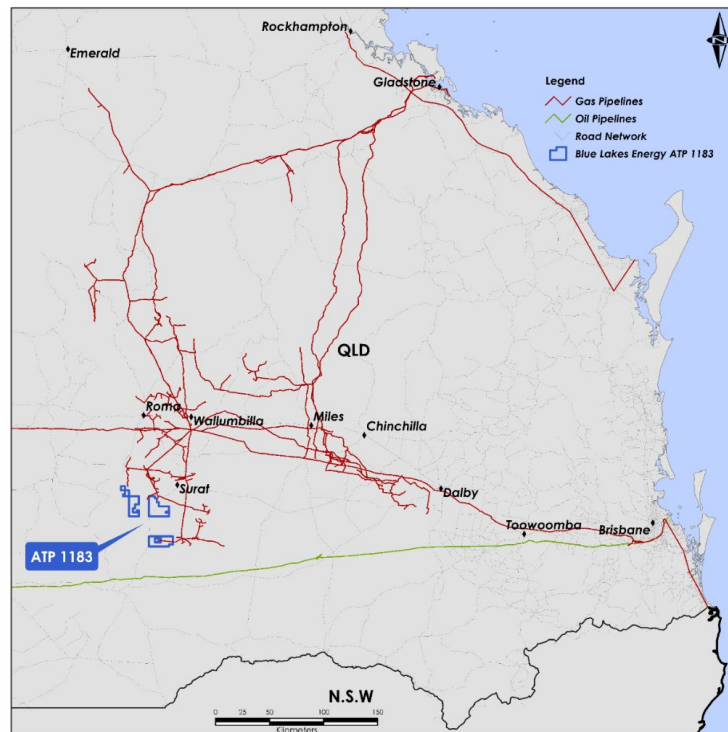


may commence at around 1.5 MMcfd (to produce 75 T/d of CO<sub>2</sub>) and grow to 3.0 MMcfd (150 T/d of CO<sub>2</sub>).

## ii) Queensland: Authority to Prospect 1183 (ATP 1183) - Roma Shelf Oil and Gas Project

The Company holds 100% of ATP 1183, which is located in close proximity to established production facilities and infrastructure, as shown in Figure 4. There are existing gas processing facilities at Silver Springs (AGL) and Kincora (Armour Energy).

Figure 4: ATP 1183 Location



During the year, seismic interpretation and mapping of ATP 1183 has been refined, allowing improved definition of exploration targets and their potential. Identified exploration prospects are depicted in Figure 5.

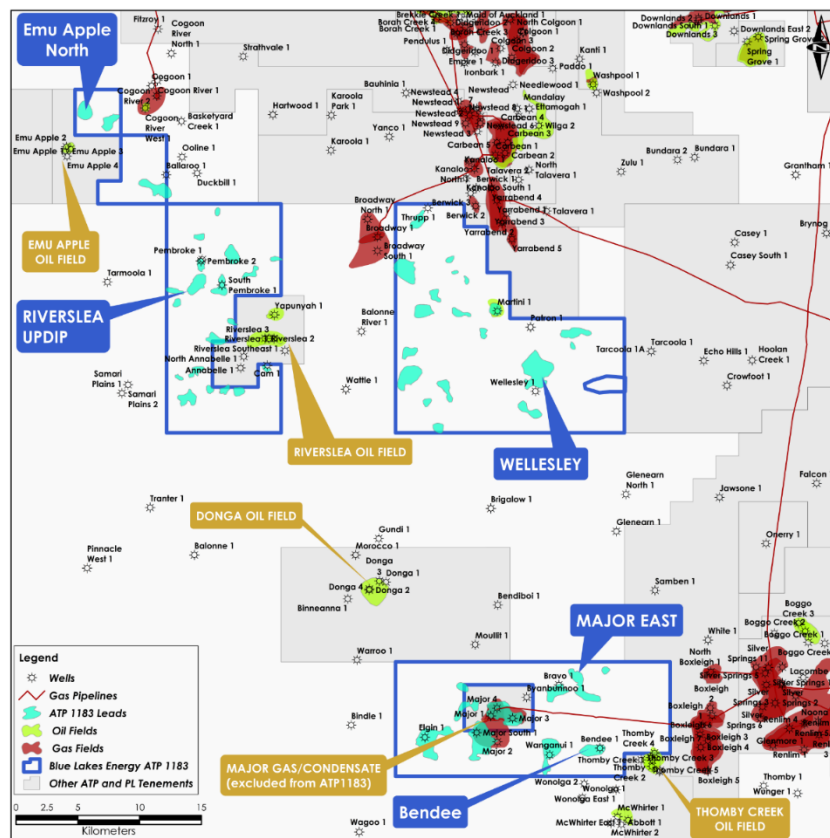
As set out in the Replacement Prospectus, the Company has committed to drilling of the Wellesely-2 exploration well.

Site work in preparation for drilling of the Wellesely-2 gas well commenced on 29 December 2021, and the drilling rig is scheduled to be mobilised to site for the well to be spudded (ie, drilling commenced) on 7 February 2022. Drilling is expected to be complete by mid-February 2022.

Drilling progress and results will be reported as and when available.

Conceptually, as set out above, development of the Wellesley Project for production and sale of gas is to be expedited, so as to generate cash flow to support subsequent exploration activity in Victoria.

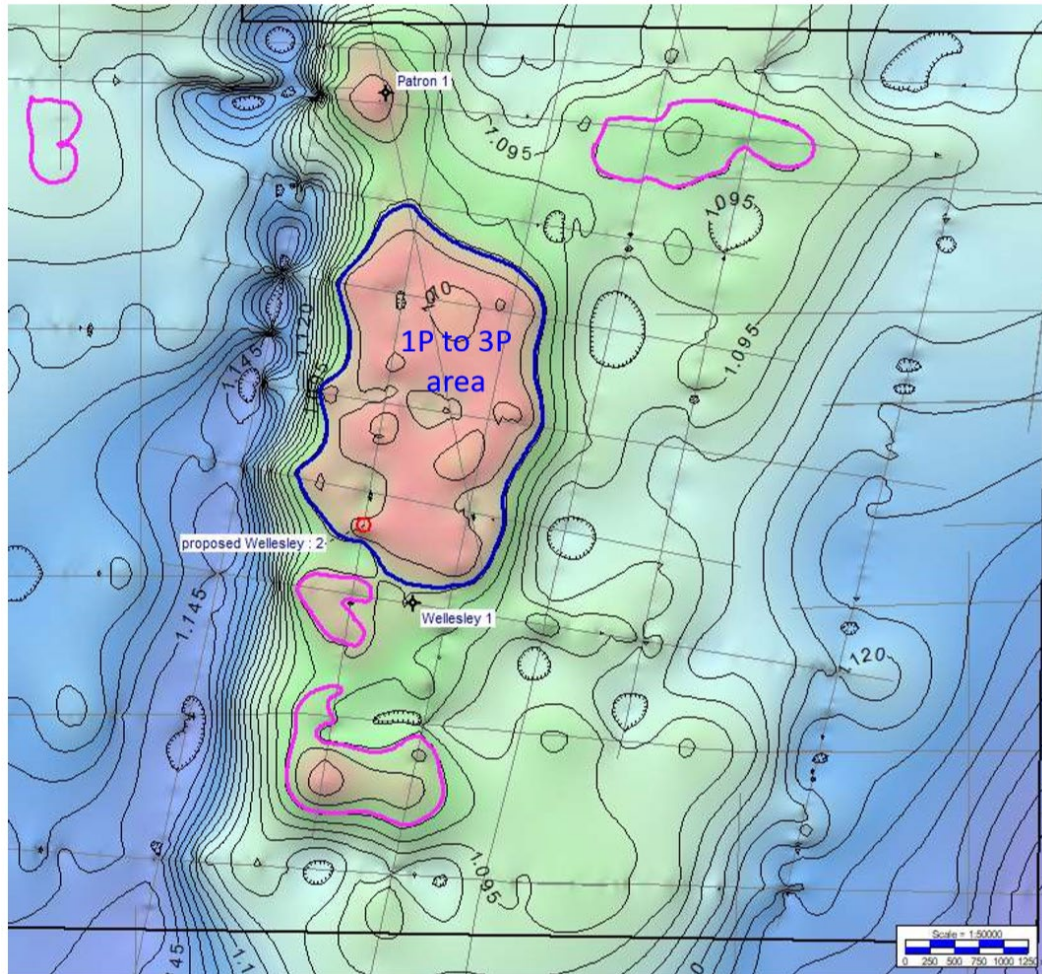
Figure 5: Exploration Prospects Within ATP 1183



The Wellesley Dome is a fault bound, three way dip closure approximately 4.4 km<sup>2</sup> in area, lying on the Kincora-Yarrabend-Wellesley High. The Wellesley-1 well, drilled by BHP in 1979 to target the gas-liquid contact as the edge of the dome, intersected in excess of 20 metres of thick, coarse, porous Boxvale Sand and confirmed the presence of gas. The Wellesley-2 well is located about 1 km northwest of Wellesley-1, targeting a prospective gas resource of 41 Bcf at a depth of around 1,600 metres.

*(This is a best estimate prepared on a deterministic basis. It is 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 December 2016. 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. 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).*

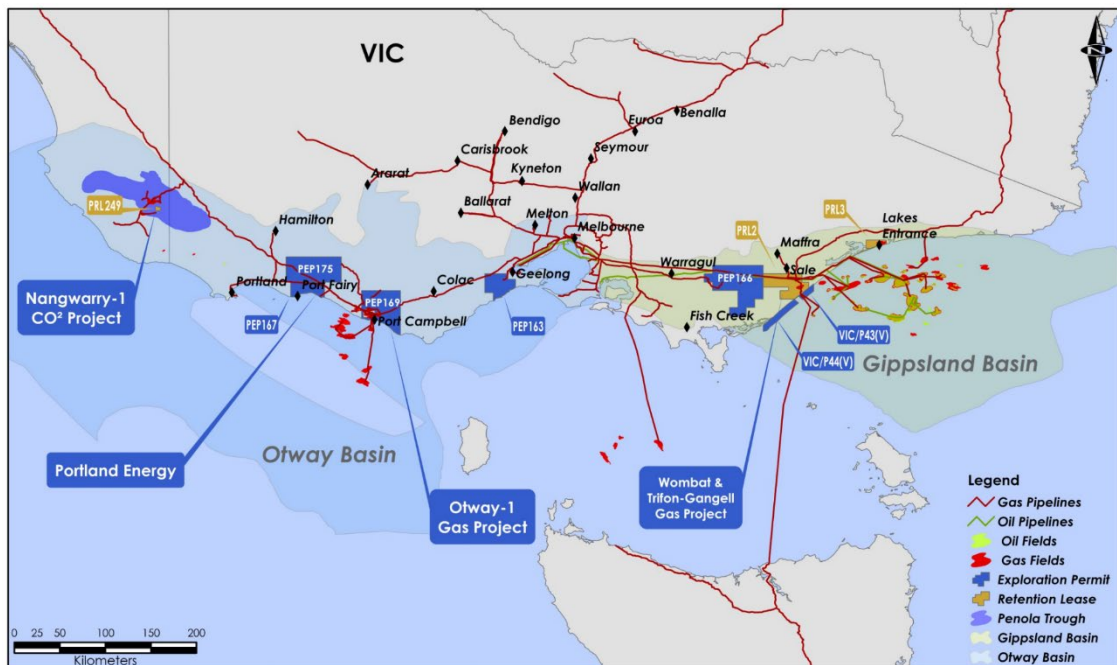
Figure 6: Wellesley Dome



### iii) Victoria

Lakes Blue Energy has tenure over what the Company considers to be the most prospective areas of onshore Victoria (Figure 10). While a Victorian Government onshore exploration ban, which has since 2012 prevented exploration of these areas, expired on 30 June 2021, resumption of exploration activity is still not yet possible owing to delays in promulgation of a new regulatory framework, to govern exploration activity.

Figure 10: Lakes Blue Energy's Victorian Petroleum Exploration Interests



The Company anticipates that it should be in a position to resume exploration activity by around mid-2022, and is ready to pursue several conventional opportunities, as set out below. Based upon independent advice, the Company anticipates that these exploration opportunities will support commercial production of natural gas for the benefit of Victoria, and south-eastern Australia more generally.

#### ***Petroleum Retention Lease 2 (PRL2):***

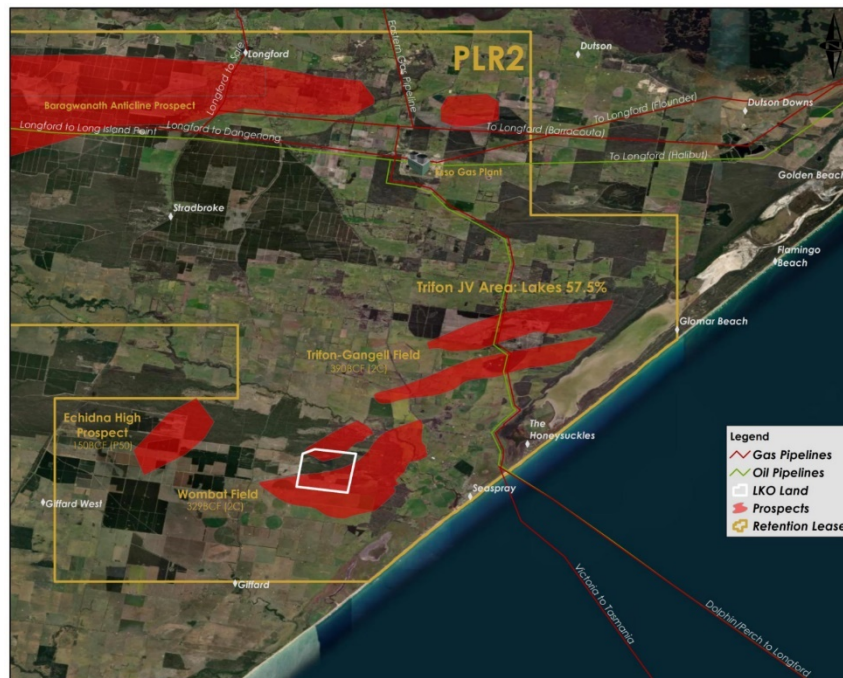
Lakes Blue Energy has 100% interest in PRL2, with the exception of the Trifon and Gangell blocks where the Company has a 57.5% interest and Jarden Corporation Australia Pty Ltd has a 42.5% interest. The presence of gas within the Wombat and Trifon / Gangell gas fields is beyond doubt. The fields contain independently certified Contingent Resources of gas, with existing gas wells already capable of gas production.



Figure 11: Flaring of Gas at Wombat-1 Gas Well

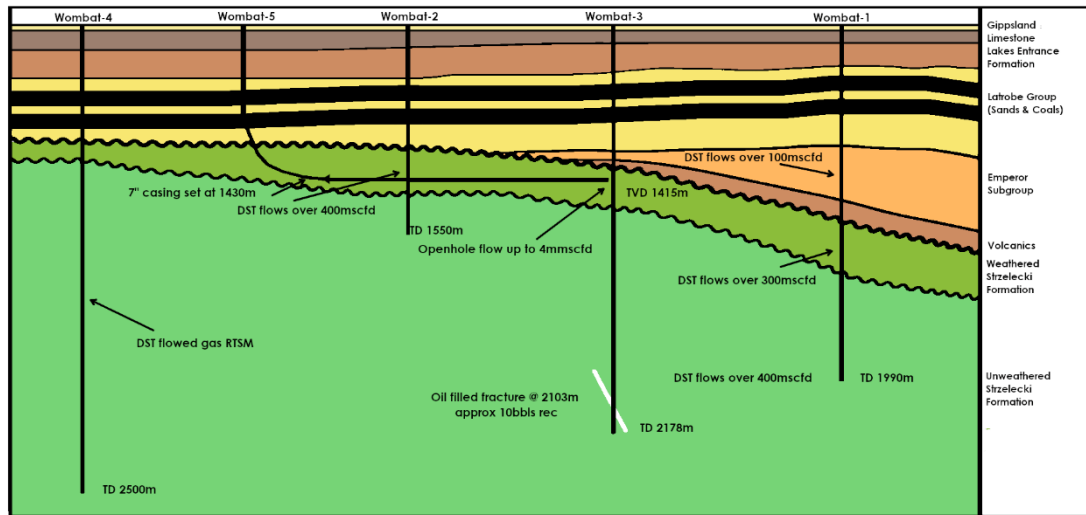


Figure 12: PRL 2



The Company intends to drill the Wombat-5 well, a conventional directionally-drilled well targeting the upper, more permeable section of the massive, gas saturated Strzelecki Formation, as soon as possible. Based upon independent modelling Lakes Blue Energy is optimistic that the Wombat-5 well will flow gas at an initial rate of around 10 TJ/d, rendering both the well and the Wombat Gas Field commercial.

Figure 13: Cross-section, Wombat-5 Well



Given the onshore location of the Wombat Gas Field, close to existing gas pipeline infrastructure, it is expected that the field could be brought on line quickly (circa 18 months) and at low cost. With a gas production potential of around 20 PJ/a, development of the Wombat Gas Field could provide quick relief for both the present Victorian gas supply shortfall and the high gas prices that have resulted from it.

In the longer term, as gas production from the Wombat field declines, the Trifon / Gangell gas field will be brought online.

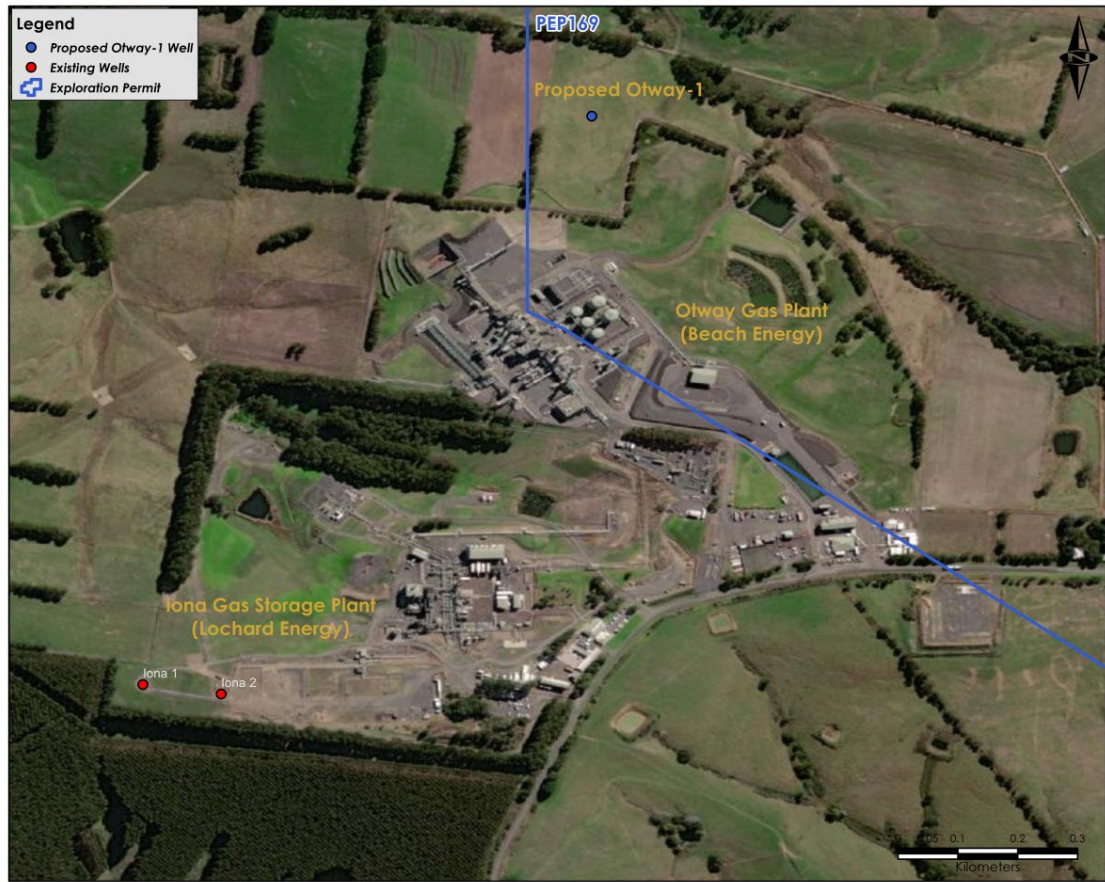
#### **Petroleum Exploration Permit 169 (PEP169):**

Lakes Blue Energy has a 49% interest in PEP166 with Armour Energy Limited holding the remaining 51% interest. Operatorship of the permit has been delegated by Armour Energy to Lakes Blue Energy.

The Company aims to resume exploration activity during 2022 through drilling of the Otway-1 well, a conventional well to be located adjacent to, but on the opposite side of a fault from, the existing Iona Gas Field. The well will be drilled to a depth of 1,500 metres and will target gas in both the Waarre Sands and the Eumeralla Formation, and oil in the Pebble Point Sandstone.

The Waarre Sands are the basis of historic gas production from the Iona Gas Field and, at the Otway-1 location, are uplifted relative to the Iona Gas Field. While the deeper Eumeralla Formation has not historically been developed for gas production it is considered to be highly prospective and is a key target of the Otway-1 well. This is because, wherever that Formation has been historically penetrated, it has been gas charged and, at nearby locations, has historically flowed gas at commercial rates. The Company's share of the prognosed Otway-1 resource is 11.25 Bcf of gas (based upon gross 17 Bcf in the Eumerella and 5.5 Bcf in the Warre) and 185,000 barrels of oil.

Figure 14: Location of Proposed Otway-1 Gas Well

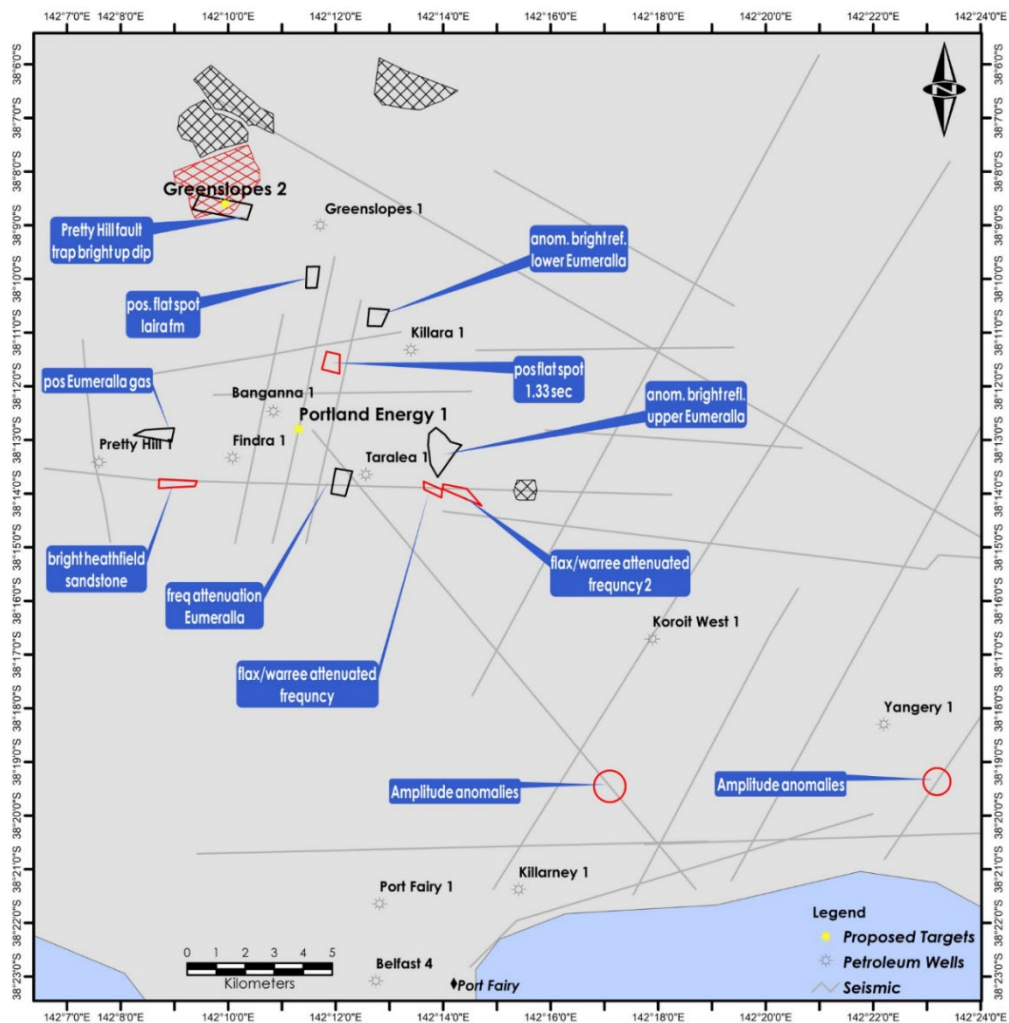


**Petroleum Exploration Permits 167 and 175 (PEP167, PEP175):**

Lakes Blue Energy has a 100% interest in PEP167 & PEP175, which were acquired in September 2014 and form the basis of the company's 'Portland Energy Project'. The Portland Energy Project is based upon a Focus Area in the southwestern corner of PEP175, to north of Port Fairy, selected for investigation on the basis of historic seismic and drilling data, and in recognition of the potential for production of gas by conventional means. As is evident in Figure 15, there has been considerable historic drilling activity in and around the Focus Area, all of which has confirmed beyond doubt the presence of natural gas within the thick Eumeralla Formation. While gas was demonstrated to exist, the potential for its production was not historically tested since the search, at that time, was for oil, there was no market available for gas and no gas pipeline infrastructure was present. These circumstances have of course now all changed. Pipeline infrastructure is available and the Victorian gas market (indeed the eastern Australian gas market) is desperate for increased supplies of gas to curtail prohibitive gas price increases.



Figure 15: Portland Energy Project - Focus Area



With independent expert assistance, the company has identified preferred locations for drilling of two proof-of-concept wells, Greenslopes-2 and Portland Energy-1. Both wells are to be conventional wells, drilled to a depth of around 1,500 metres with the specific purpose of demonstrating that gas can be produced by conventional means from the Eumeralla Formation.

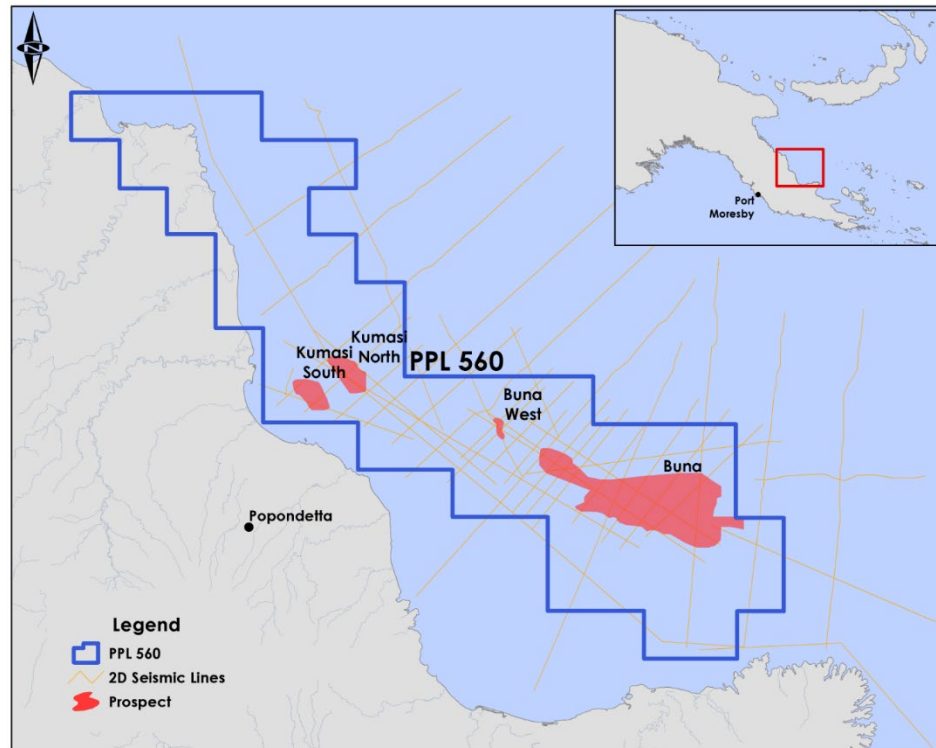
Lakes Blue Energy has commissioned independent assessments that confirm the gas-in-place potential of the Eumeralla Formation. As set out in Table 1, the estimated (50% probability) gas resource of the Focus Area is 11.5 trillion cubic feet, of which the Company considers around 3 trillion cubic feet should be recoverable by conventional means. The Portland Energy Project has the potential to fundamentally change the landscape of gas supply into the eastern Australian gas market.



#### iv) Papua New Guinea

The Company has 100% ownership of three exploration tenements in Papua New Guinea, with Petroleum Prospecting Licence 560 (PPL 560) being of key interest. PPL 560 contains the multi-trillion cubic feet Buna prospect.

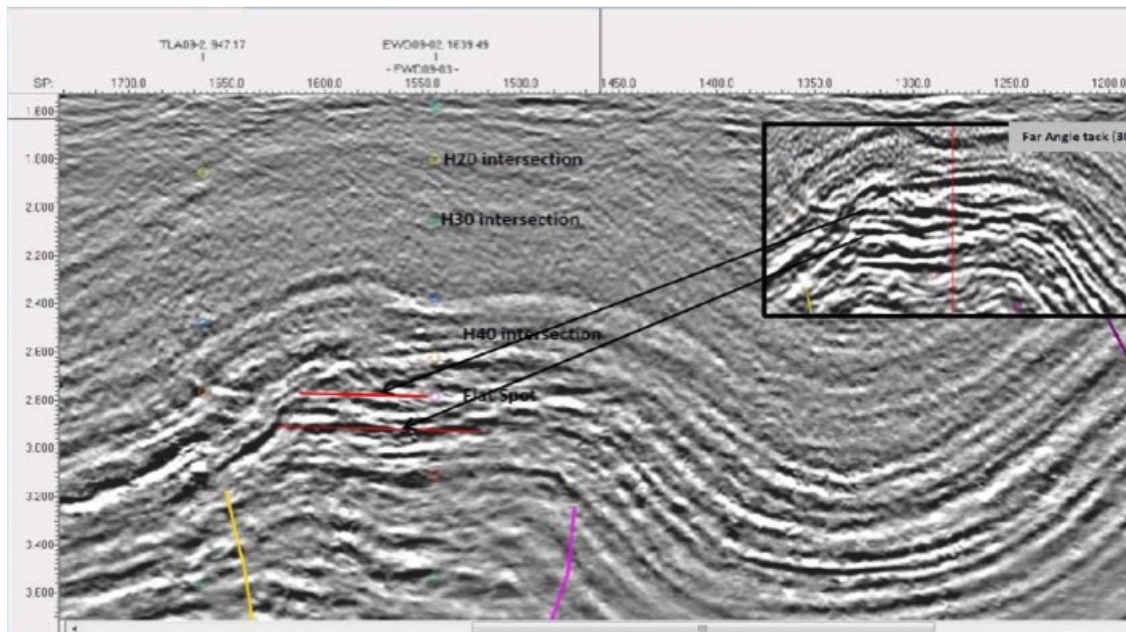
Figure 16: PPL 560, Showing Buna Prospect



As indicated in Figure 2, the Company's strategy is to leverage returns from other projects (notable Wellesley, followed by Wombat) to further investigate and then, if appropriate, drill an exploration well at Buna. The benefit of this approach is that 100% ownership of the project is retained by the Company.

The exceptional prospectivity of the Buna Prospect is evident in seismic mapping of the prospect. As shown in Figure 17, there is a clear 'flat-spot', representative of a gas liquid interface. The flat-spot is evident in AVO (Amplitude Variation with Offset) studies, which are an historically highly reliable methodology for confirmation of flat-spots.

Figure 17: Cross-section of Buna Prospect



As an alternative to retention of 100% ownership of PPL 560 is to consider a farmout pf activity. The Company has been in discussion with petroleum majors and has one such opportunity well advanced for consideration, pending the outcome of exploration drilling at Wellesley.