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Lakes Blue Energy NL
ABN 62 004 247 214



Half Year Report
For the 6 Months Ended 31 December 2021

LAKES BLUE ENERGY NL
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FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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**LAKES BLUE ENERGY NL
CORPORATE DIRECTORY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

DIRECTORS

Richard Ash (Non-Executive Chairman)
Roland Sleeman (Executive Director)
Nicholas Mather (Non-Executive Director)

CHIEF EXECUTIVE OFFICER

Roland Sleeman

COMPANY SECRETARY

Elissa Hansen

REGISTERED OFFICE

Level 3
35 Lime Street
Sydney NSW 2000
T: (03) 9629 1566
W: www.lakesoil.net.au

AUDITORS

William Buck
Level 20
181 William Street
Melbourne VIC 3000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
T: (03) 9415 4000

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Sydney, NSW)
ASX Code: LKO

BANK

Westpac Banking Corporation
360 Collins Street
Melbourne VIC 3000

**LAKES BLUE ENERGY NL
OPERATIONS UPDATE
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Resumption of Trading of Company's Shares

Subsequent to the Company's 30 June 2021 application to ASX requesting resumption of trading of the Company's shares, on 20 October 2021 the ASX formally advised of conditions to be satisfied in order for resumption of trading of the Company's shares to be allowed. The key conditions to be satisfied were:

- Issue of a full-form Prospectus;
- Raising of a minimum of \$3.55m capital; and
- Commencement of earthworks for drilling of the Wellesely-2 well in Queensland.

These conditions were all satisfied. Earthworks for the Wellesely-2 well were commenced on 29 December 2021, a full-form Prospectus was lodged with ASIC and the ASX on 20 January 2022, and the Company successfully raised \$5.489m. Trading of the Company's shares resumed on 7 February 2022.

Nangwarry Carbon Dioxide Project

On 12 July 2021 the Company announced that, following completion of independent analyses of data from extended flow testing of the Nangwarry-1 well, the best case saleable carbon dioxide resource of the Nangwarry project had been upgraded to 25.9 billion standard cubic feet (12.9 Bcf net to Lakes Blue Energy). The deliverability of the Nangwarry-1 well was also confirmed, with raw gas flow rates up to 18.6 million cubic feet per day having been achieved during flow testing.

Discussions between the Nangwarry joint venture (Company 50%, Vintage Energy Ltd 50%) and Supagas Pty Ltd, regarding potential for sale of Nangwarry gas for production by Supagas of food grade carbon dioxide, are ongoing.

Wellesley-2 Gas Well

The Wellesley-2 gas well, located within Authority to Prospect 1183 (Queensland) was spudded on 10 February 2022, and was drilled to total depth (1,650 metres) by 15 February 2022. Following logging activity, the well was plugged and abandoned and the drilling rig released on 22 February 2022.

While the Wellesely-2 well failed to discover gas, it provided valuable data to assist with formulation of future exploration plans.

The Company envisages it will carry out an iodine survey to assist with design of a 3D seismic survey to better delineate the Wellesley structure and, in turn, allow selection of site(s) for future exploration drilling.

Victorian Exploration

Onshore exploration is again possible within Victoria, following promulgation in November 2021 of new Petroleum Regulations to govern exploration operations.

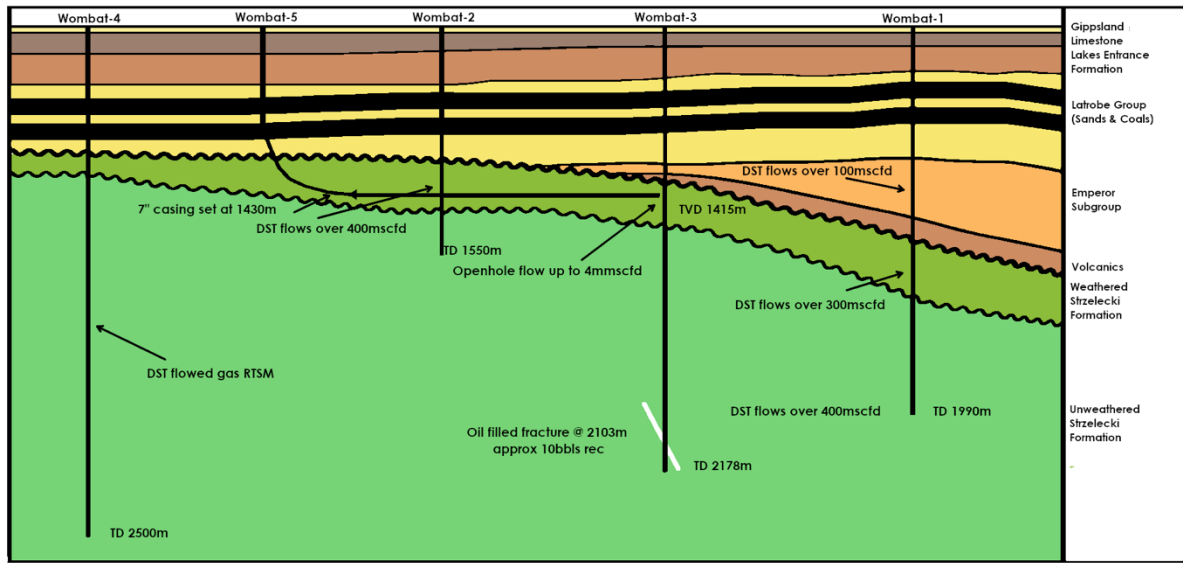
The Company's proposed work programs for its Victorian exploration tenements were submitted to the Department of Jobs, Precincts and Regions on 30 December 2021, and were approved by the Department on 22 February 2022.

The Company is now working to secure approvals for drilling of the Wombat-5 and Otway-1 gas wells, with the objective of commencing drilling around mid 2022. The first part of this process involves stakeholder engagement programs, to identify and address stakeholder concerns, following which Operating Plans, with full details of the proposed drilling activity, can be finalised and submitted for approval.

The Wombat-5 well lies within the Company's 100% owned Petroleum Retention Lease 2 (PRL 2), which contains an independently certified 2C contingent gas resource of 329 Bcf. Based upon independent technical review (carried out by Stimulation Petrophysics Consulting LLC) the forecast productivity of the Wombat-5 lateral well is 10 TJ/d. It is envisaged drilling envisaged will commence around mid 2022 (subject to receipt of approval to drill).

LAKES BLUE ENERGY NL
 OPERATIONS UPDATE
 FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Wombat-5 Lateral Well, Cross-section



The Otway-1 well lies within the 49% Company owned Petroleum Exploration Permit 169 (PEP 169), which is presently operated by the Company.

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LAKES BLUE ENERGY NL
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lakes Blue Energy NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2021.

Directors

The following persons were directors of Lakes Blue Energy NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

Richard Ash (Non-Executive Chairman)
Roland Sleeman (Executive Director)
Nicholas Mather (Non-Executive Director)

Principal activities

During the period the principal continuing activities of the consolidated entity consisted of Exploration for oil and gas within Australia and Papua New Guinea.

Financial Results

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,670,272 (31 December 2020: \$1,359,350).

Total income during the period amounted to \$33,002 (2020: \$77,182).

Operating expenses for the period were \$1,701,981 (2020: \$1,436,532). Administration expenses amounted to \$98,756 (2020: \$430,694) resulting from continuing operations. Employee benefit expenses amounted to \$133,020 (2020: \$134,897). Finance costs amounted to \$1,155,907 (2020: \$644,904), largely representing the interest expenses on convertible notes during the period.

Financial Position

The net assets of the consolidated entity decreased by \$709,432 to \$12,350,356 as at 31 December 2021 (30 June 2021: \$13,059,788). The consolidated entity's working capital surplus, being current assets less current liabilities was \$323,749 at 31 December 2021 (30 June 2021: deficit of \$472,869). During the period the consolidated entity had a negative cash flow from operating activities of \$293,835 (2020: \$1,041,640).

Significant Changes in the State of Affairs

On 21 July 2021, the consolidated entity issued tranche eleven of the Convertible Notes issuing 1,052,913,204 notes at an issue price of \$0.0009 (0.09 cents) per note. 636,603,904 notes were issued to settle interest and other liabilities, and 416,309,300 notes issued for cash noting funds were all received in the prior reporting period. Refer Note 5 for further information.

During the period, a total of \$1,146,000, (\$1,084,076 net of costs) was received through placements made in advance of the issue of a Prospectus.

Matters Subsequent to Period End

On 7 January 2022 the Company lodged a full form prospectus with ASIC and the ASX, offering shares at an issue price of \$0.0008 per share. Subsequently, a Replacement Prospectus was lodged to address comments raised by ASIC. A total of \$4,342,810 was raised under the Offers, with a further \$1,146,000 raised through placements made in advance of issue of the Replacement Prospectus, leading to \$5,488,810 in total funds raised. Shares were issued on 2 February 2022.

On 7 February 2022, the suspension of trading in the securities of Lakes Blue Energy NL was lifted.

On 9 February 2022, 720,668,200 shares were issued upon conversion of convertible notes.

On 15 February 2022, 167,086,155 shares were issued upon conversion of convertible notes.

On 15 February 2022, the Company announced that Bizzell Capital Partners Pty Ltd, the underwriter of the Company's completed \$5.489m capital raising, exercised an option pursuant to the Underwriting Agreement to take a further placement of shares to a value of \$1.604m, equivalent to the underwritten amount. The placement is subject to shareholder approval at the Company's Annual General Meeting, to be held on 25 March 2022.

**LAKES BLUE ENERGY NL
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

On 23 February 2022, the Company announced that the drilling of the Wellesley-2 well was complete. The drilling failed to discover gas but has reaffirmed the prospectivity of the Wellesley Dome and has provided valuable data to assist with future exploration.

On 25 February 2022, 1,197,655,591 shares were issued upon conversion of convertible notes.

On 1 March 2022, 129,996,749 shares were issued upon conversion of convertible notes.

On 1 March 2022, the Company announced that work programs for Victorian exploration tenements have been approved, with work underway to secure approvals for drilling of Wombat-5 and Otway-1 conventional wells in Victoria.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Richard Ash
Non-Executive Chairman
15 March 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LAKES BLUE ENERGY NL

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director

Melbourne, 15 March 2022

ACCOUNTANTS & ADVISORS

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LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	31 December 2020
		\$	\$
Interest income		383	791
Other income		32,619	76,391
Total revenue and other income		33,002	77,182
Employee benefits expense		(133,020)	(134,897)
Depreciation expense		(2,011)	(2,594)
Accounting and audit expense		(53,618)	(31,000)
Exploration expense		(47,551)	-
Administrative expense		(98,756)	(430,694)
Consulting expense		(174,811)	(113,950)
Finance costs		(1,155,907)	(644,904)
Rent and occupancy expense		(32,144)	(25,118)
R&D repayable		(4,163)	(53,375)
(Loss) before income tax expense		(1,668,979)	(1,359,350)
Income tax expense		-	-
(Loss) after income tax expense for the year		(1,668,979)	(1,359,350)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)		(1,668,979)	(1,359,350)
Loss for the year is attributable to:			
Non-controlling interest		1,293	-
Owners of Lakes Blue Energy NL		(1,670,272)	(1,359,350)
Total comprehensive (loss) for the year		(1,668,979)	(1,359,350)
		Cents	Cents
Basic loss per share (cents)	11	(0.0047)	(0.0040)
Diluted loss per share (cents)	11	(0.0047)	(0.0040)

The accompanying notes form part of these financial statements.

LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021	30 June 2021
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		1,214,166	469,635
Other receivables		61,091	168,303
Other financial assets		602,219	504,840
Prepayments		20,280	10,173
Total Current Assets		1,897,756	1,152,951
Non-Current Assets			
Other receivables		12,000	12,000
Property plant and equipment		686,119	688,036
Exploration and evaluation	4	22,833,789	22,779,551
Total Non-Current Assets		23,531,908	23,479,587
Total Assets		25,429,664	24,632,538
Liabilities			
Current Liabilities			
Trade and other payables		1,423,988	1,109,525
Provisions		150,019	137,832
Other current liabilities		-	378,463
Total Current Liabilities		1,574,007	1,625,820
Non-Current Liabilities			
Other payables		754,718	841,431
Provisions		550,000	550,000
Convertible notes	5	10,200,583	8,555,499
Total Non-Current Liabilities		11,505,301	9,946,930
Total Liabilities		13,079,308	11,572,750
Net Assets		12,350,356	13,059,788
Equity			
Share capital	6	134,847,932	133,763,856
Reserves	7	1,030,721	1,155,250
Accumulated losses		(123,613,757)	(121,943,485)
Equity attributable to the owners of Lakes Blue Energy NL		12,264,896	12,975,621
Non-controlling interest		85,460	84,167
Total Equity		12,350,356	13,059,788

The accompanying notes form part of these financial statements.

LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021



	Contributed equity	Convertible notes reserve	Share based payments reserve	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	133,641,199	380,936	98,266	(117,842,470)	90,366	16,368,297
Loss after income tax expense for the period	-	-	-	(1,359,350)	-	(1,359,350)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	(1,359,350)	-	(1,359,350)
Transactions with equity holders in their capacity as owners						
Contributions of equity, net of transaction costs	8,333	-	-	-	-	8,333
Recognition of equity component of convertible notes	-	622,316	-	-	-	622,316
Balance at 31 December 2020	133,649,532	1,003,252	98,266	(119,201,820)	90,366	15,639,596
Balance at 1 July 2021	133,763,856	1,155,250	-	(121,943,485)	84,167	13,059,788
Loss after income tax expense for the period	-	-	-	(1,670,272)	1,293	(1,668,979)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income/(loss) for the half year	-	-	-	(1,670,272)	1,293	(1,668,979)
Transactions with equity holders in their capacity as owners						
Advances received for share subscriptions, net of costs (note 6)	1,084,076	-	-	-	-	1,084,076
Recognition of equity component of convertible notes (note 7)	-	(124,529)	-	-	-	(124,529)
Balance at 31 December 2021	134,847,932	1,030,721	-	(123,613,757)	85,460	12,350,356

The accompanying notes form part of these financial statements.



LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Cash receipts from other income		29,644	-
Payments for suppliers and employees		(307,619)	(1,042,033)
Payments for exploration not capitalised		(23,020)	-
Interest received		7,160	393
Net cash used in operating activities		(293,835)	(1,041,640)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(45,710)	(254,415)
Net cash (used in)/from investing activities		(45,710)	(254,415)
Cash flows from financing activities			
Advances received for share subscriptions	6	1,146,000	-
Proceeds from issue of convertible debt		-	2,075,000
Advances received for convertible notes		-	500,000
Proceeds from borrowings		-	(65,609)
Capital raising costs in relation to advanced share subscriptions	6	(61,924)	-
Net cash from financing activities		1,084,076	2,509,391
Net increase/(decrease) in cash held		744,531	1,213,336
Cash and cash equivalents at beginning of financial period		469,635	630,791
Cash and cash equivalents at end of financial period		1,214,166	1,844,127

The accompanying notes form part of these financial statements.

LAKES BLUE ENERGY NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 1. General information

The consolidated financial statements cover Lakes Blue Energy NL as a consolidated entity consisting of Lakes Blue Energy NL and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Lakes Blue Energy NL's functional and presentation currency.

Lakes Blue Energy NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
35 Lime Street,
Sydney 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Rounding of amounts to the nearest dollar

The amounts in the directors' report and in the consolidated financial report have been rounded to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, and there is no impact on the half year results. Any new or amended Accounting Standard or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

During the period the consolidated entity operated in one segment being an explorer of oil and gas.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. During the period the board reviews the consolidated entity as one operating segment being oil and gas exploration.

LAKES BLUE ENERGY NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 4. Non-current assets – exploration and evaluation

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Exploration and evaluation	76,221,604	76,167,366
Less: Provision for impairment	(53,387,815)	(53,387,815)
	<u>22,833,789</u>	<u>22,779,551</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Exploration and evaluation \$
Balance at 1 July 2021	22,779,551
Additions	<u>54,238</u>
Balance at 31 December 2021	<u>22,833,789</u>

Exploration expenditure during the period include geochemical surveys, drill planning and other qualifying expenses incurred in relation to the following tenements:

- ATP 1183 – Surat Basin, Qld (Lakes Oil: Operator, 100% interest)
- PEL 155 – Otway Basin, S.A. (Lakes Oil: Operator, 46.75% interest)

The Company has carried out an impairment review of the carrying amount of its exploration expenditure following the end of the financial half-year and recognised no impairment losses (2020: NIL).

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective permit areas.

Note 5. Liabilities – Convertible notes

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
NON CURRENT		
Convertible notes	<u>10,200,583</u>	8,555,499
	<u>10,200,583</u>	<u>8,555,499</u>

During the period ended 31 December 2021, the consolidated entity issued 1,052,913,204 convertible notes to sophisticated investors, with 636,603,904 notes issued to settle interest and other liabilities, 416,309,300 notes issued for cash noting funds were all received in the prior reporting period.

LAKES BLUE ENERGY NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 5. Liabilities – Convertible notes (continued)

The primary terms of the convertible notes are:

Issuer: Lakes Blue Energy NL

Face value: \$0.0009 per note

Interest: 15% pa - payable half yearly in arrears

Maturity date: 31 March 2023

Conversion at holder election: each note is convertible at any time at the holder's election into one ordinary share of the Issuer.

Valuation methodology

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

The Convertible Notes were fair valued by an independent valuer using following key assumptions:

Tranches	Valuation date	Conversion price \$	Discount rate %	Coupon rate %	Interest payment frequency	Maturity date
Tranche 1	12/12/2019	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 2	27/12/2019	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 3	02/03/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 4	18/03/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 5	18/03/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 6A	13/07/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 6B	14/10/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 7	22/12/2020	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 8	18/02/2021	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 9	14/04/2021	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 10	21/05/2021	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023
Tranche 11	23/07/2021	\$0.0009	22.00%	15.00%	Half-yearly	31/03/2023

Note 6. Equity – Share capital - ordinary shares

	Consolidated			
	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	35,521,408,960	35,521,408,960	133,763,856	133,763,856
Advances received for share subscriptions, net of costs	-	-	1,084,076	-
	<u>35,521,408,960</u>	<u>35,521,408,960</u>	<u>134,847,932</u>	<u>133,763,856</u>

LAKES BLUE ENERGY NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 7. Equity – reserves

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Convertible notes reserve	<u>1,030,721</u>	1,155,250
	<u>1,030,721</u>	<u>1,155,250</u>

Convertible note reserve

This reserve used to recognise equity component of the convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss. Refer note 6 for further information on convertible notes.

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Convertible note reserve \$
Balance at 1 July 2021	1,155,250
Equity component of Convertible notes issued	103,225
Reversal of equity component of Convertible notes expired	<u>(227,754)</u>
Balance at 31 December 2021	<u>1,030,721</u>

Note 8. Equity – dividends

There were no dividends paid, recommended, or declared during the current or previous financial period.

Note 9. Contingent liabilities

The consolidated entity did not have any contingent liabilities as at 31 December 2021 (30 June 2021: NIL).

Note 10. Events after the reporting period

On 7 January 2022 the Company lodged a full form prospectus with ASIC and the ASX, offering shares at an issue price of \$0.0008 per share. Subsequently, a Replacement Prospectus was lodged to address comments raised by ASIC. A total of \$4,342,810 was raised under the Offers, with a further \$1,146,000 raised through placements made in advance of issue of the Replacement Prospectus, leading to \$5,488,810 in total funds raised. Shares were issued on 2 February 2022.

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On 15 February 2022, 167,086,155 shares were issued upon conversion of convertible notes.

On 15 February 2022, the Company announced that Bizzell Capital Partners Pty Ltd, the underwriter of the Company's completed \$5.489m capital raising, exercised an option pursuant to the Underwriting Agreement to take a further placement of shares to a value of \$1.604m, equivalent to the underwritten amount. The placement is subject to shareholder approval at the Company's Annual General Meeting, to be held on 25 March 2022.

On 23 February 2022, the Company announced that the drilling of the Wellesley-2 well was complete. The drilling failed to discover gas but has reaffirmed the prospectivity of the Wellesley Dome and has provided valuable data to assist with future exploration.

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LAKES BLUE ENERGY NL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 10. Events after the reporting period (continued)

On 25 February 2022, 1,197,655,591 shares were issued upon conversion of convertible notes.

On 1 March 2022, 129,996,749 shares were issued upon conversion of convertible notes.

On 1 March 2022, the Company announced that work programs for Victorian exploration tenements have been approved, with work underway to secure approvals for drilling of Wombat-5 and Otway-1 conventional wells in Victoria.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

Note 11. Earnings / (loss) per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss for the year attributable to:		
Owners of Lakes Blue Energy NL	(1,670,272)	(1,359,350)
Non-controlling interest	1,293	-
Basic loss per share (cents per share) attributed to owners of Lakes Blue Energy NL	(0.0047)	(0.0040)
Diluted loss per share (cents per share) attributed to owners of Lakes Blue Energy NL	(0.0047)	(0.0040)
Weighted average number of shares used for the purposes of calculating basic and diluted earnings per share:		
- Basic earnings per share	35,521,408,960	33,672,331,042
- Diluted earnings per share	35,521,408,960	33,672,331,042

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**LAKES BLUE ENERGY NL
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

The Directors of the Company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes as set out on pages 8 to 16 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (c) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s303 (5) (a) of the Corporations Act 2001.

On behalf of the Directors:



Richard Ash
Non-Executive Chairman
15 March 2022

Lakes Blue Energy NL

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lakes Blue Energy NL (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lakes Blue Energy NL is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 15 March 2022

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