

Lakes Blue Energy (ASX:LKO)

ASX Announcement

12 July 2022

Technical Cooperation in PNG Exploration Acreage

Highlights:

- **Technical Cooperation Agreement executed with French Major, TotalEnergies, in respect of PNG Petroleum Prospecting Licence 560.**
- **Lakes Blue Energy will immediately commence outcrop rock and fluid sampling work.**
- **TotalEnergies will fully fund a staged exploration program in return for an option to acquire a 75% Participating Interest in the licence.**
- **Lakes Blue Energy will be carried for program costs including up to US\$30m for the first well drilled if TotalEnergies opts to enter into the license and proceeds to the drilling stage.**
- **Petroleum Prospecting Licence 560 contains the multi-Tcf Buna Prospect, one of the largest undrilled hydrocarbon structures in PNG.**

The Directors of Lakes Blue Energy NL (the **Company**; ASX:LKO) are very pleased to announce that the Company has, through its subsidiary Dondonald Limited, executed a Technical Cooperation Agreement with TotalEnergies EP PNG Limited (TotalEnergies), a subsidiary of French supermajor TotalEnergies SE, regarding potential development of PNG Petroleum Prospecting Licence 560 (PPL 560).

Under the terms of the TCA:

- The Company will immediately collect, and provide to TotalEnergies, outcrop rock and fluid samples from the Cape Ward Hunt and Cape Vogel Peninsula areas;
- TotalEnergies will undertake at its cost a Phase A technical work program involving comprehensive geological and geophysical studies;

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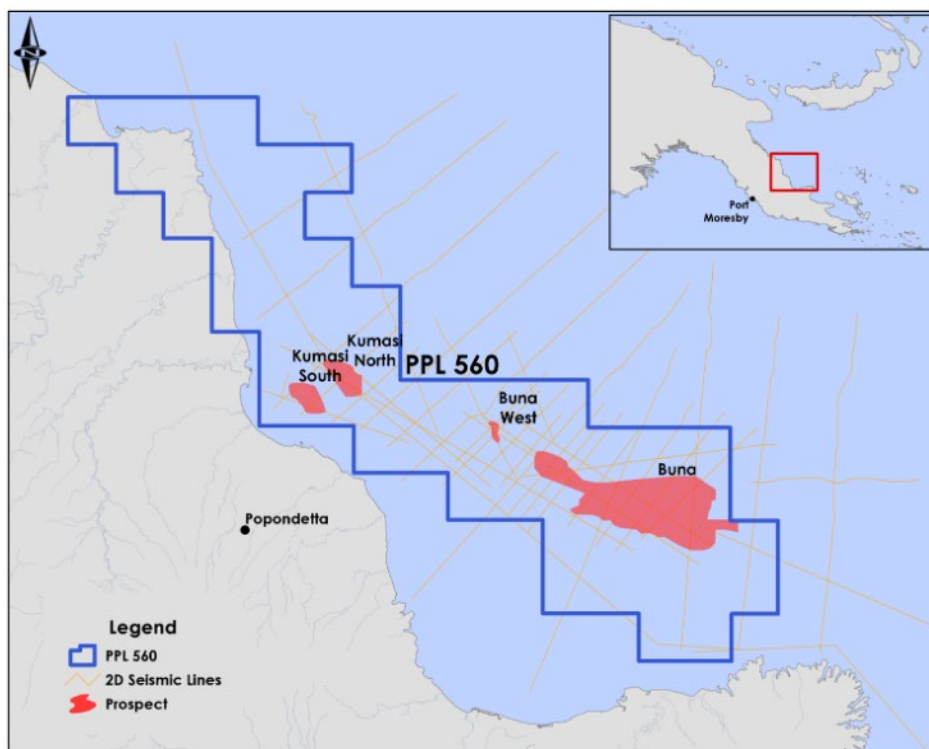
- Subject to completion of the Phase A work program, TotalEnergies has the option to undertake at its cost a Phase B work program involving seismic acquisition to delineate the Buna Prospect in preparation for drilling.

If such work program is completed, TotalEnergies has the option, to acquire a 75% interest in PPL560, in which case TotalEnergies shall fund the first US\$30m of the cost of drilling a first exploration well within PPL560, with any additional cost shared by the joint venture. The Company will retain a 25% interest in the prospect.

Mr Roland Sleeman, Chief Executive Officer of Lakes Blue Energy, said "The TCA with TotalEnergies will ensure the potential of the Buna Prospect is comprehensively evaluated and tested in a timely manner without need for expenditure by the Company."

Mr Richard Ash, Chairman of Lakes Blue Energy, said "Signing of the agreement with TotalEnergies underlines the significance of the Buna gas prospect. The transaction provides the opportunity for the Company to be fully carried for a 25% interest in a major new petroleum frontier."

PPL 560 covers the Cape Vogel Basin, in shallow water offshore to the north of PNG. There are several large prospects within the basin, with the present focus being on the Buna Prospect which is estimated to contain in excess of 3 trillion cubic feet (Tcf) of natural gas (see Note).



Lakes Blue Energy welcomes this cooperation with TotalEnergies in the Cape Vogel Basin and looks forward to progressing the exploration activities necessary to confirm the potential of the Buna Prospect.

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

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Note - Source of Resource Estimate: "Undiscovered Hydrocarbon Resources, Petroleum Prospecting Licence (PPL) Blocks 257 and 258, Papua New Guinea", 31 August 2010, Fekete Associates Inc.

The Company is not aware of any new information or data that materially affects the information included in the relevant report and confirms that all the material assumptions and technical parameters underpinning the estimate 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).

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